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THE MONETARY CONFERENCE OF 1892.

A COMMITTEE of commerce representing the North German states met in December, 1869, whose report urged upon North Germany a unitary system of money with a gold standard. In the following summer, just before war with France broke out, delegates from those states held at Berlin a convention in aid of the reform. Sore as was the need of this, no beginning could be made while war was on. Hardly, however, had peace come and the empire been set up, when the imperial law of December 4, 1871, ordained the monetary *régime* now in force in Germany, which the law of July 9, 1873, completed. By these acts Germany put away her ridiculous old monetary chaos based on silver and established a system built upon gold.[1]

In 1872, in order to stock up with gold, Germany began to sell her silver, whereupon the gold price of this latter metal commenced that career of decline which has continued ever since, and threatens to go still further. In 1873 Denmark, Sweden and Norway followed Germany's example, entering into a monetary union having a coinage system founded upon gold.[2] Holland went over to gold monometallism by a law of June 6, 1875. The United States began paying gold January 1, 1879, as did Italy early in 1883. By the beginning of 1883, no less than a billion dollars in gold, equal to the product of the

[1] The unit of this is the Mark, containing 5.5311 grains of pure gold, or 6.1457 of standard gold, nine-tenths fine.

[2] As their unit, they adopted the Krone, of such weight (*viz.* 6.226 grains) of fine gold, that a kilogram of this makes 124 twenty-Kronen pieces.

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world's gold mines for ten years, had been called for by the countries named.

On December 18, 1873, fearing a disastrous influx of the metal from Germany, Belgium suspended the free coinage of silver, the other states of the Latin Union following on January 31, 1874. Holland, too, this same year, gave up coining silver for private account. On December 21, 1876, Belgium wholly ceased striking standard silver coins. Russia took the same course, also in 1876; France and Switzerland in 1877; Italy a little later.

Nearly at the same time with these changes, demonetizing silver and requiring new gold, the flow of silver to the East decreased, and the yield of the American silver mines increased. Both phenomena tended to depress the value of silver and to lower its price in gold. Early in November, 1872, for the first time since 1852, silver sold in London under sixty pence per ounce. In 1871, silver prices for the year being averaged, 15.58 grains of silver would buy a grain of gold. In 1872 it took 15.63 grains of silver to do this; in 1873, 15.92; in 1874, 16.17; in 1875, 16.58; in 1876, 17.88; in 1878, 17.94; in 1879, 18.40. After 1879 the appreciation of gold in terms of silver was hardly sensible until 1885, when it required 19.41 grains of silver to buy one of gold. For 1889 the figure was 22.09.

This changed value relation between the metals, unheard of before in modern times whatever the relative amounts of their production and consumption, led careful minds to the view that the demonetization of silver must have been the chief cause of the disturbance. In 1878, as a part of the Bland Act, Congress made provision for securing, if possible, an international conference upon the question. This was called, and assembled in Paris, August 10, 1878. Besides those from the United States, delegates were sent by England, Holland, Sweden, Norway, France, Belgium, Switzerland, Italy and Austria-Hungary. Léon Say was president. After seven sessions the conference dissolved on August 29, without "transactional" result. The German Empire did not participate.

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The British delegates, while strongly favoring the continuance of silver as full money elsewhere, declared that Great Britain would not give up gold monometallism. The representatives of Sweden, Belgium and Switzerland avowed the same disposition on behalf of their respective governments.

The principal effects of this conference were that public attention was called in an impressive way to the evils which seemed to have sprung from the demonetization of silver, and that Germany presently, in 1879, terminated her sales of silver, which have not been renewed.

In preparing for specie payments in 1878, the United States drew immense sums of gold from Europe, proving the advantage which America has in a fight with Europe for this metal. On account of our tariffs, Europe was unable to send us commodities for the entire volume of our exports, but had to pay for these in great part by gold. The European supply of this metal fell off considerably, and France was the worst sufferer.[1] Accordingly when, in 1881, preparations were making for a second conference, France joined the United States in inviting the other nations. The calls were issued in February. Germany now gave up her attitude of reserve and accepted the invitation. Eighteen states assembled to take part in this conference, which opened at Paris on the 19th of April, 1881. The sessions continued, with a brief recess in May, into the month of July, but the result was nearly as negative as before. Germany and England still declined to change their coinage systems, though delegates of both nations encouraged efforts to continue the monetary character of silver. Germany unreservedly favored its rehabilitation, regarded this as attainable, and was even willing to help it on, partly by postponing and partly by giving up altogether her sales of silver. Notice was given that under certain conditions the Bank of England would

[1] In 1876 France imported 600,000,000 francs in gold; in 1880 but 194,000,000. Meantime its gold export grew from 90,000,000 francs to 413,000,000. In 1876 the vaults of the Bank of France held 1,539,000,000 francs gold, 640,000,000 francs silver; in 1880, 564,000,000 francs gold, 1,222,000,000 francs silver. The monetary woe of Europe was not lightened by Italy's preparations for specie payments, requiring 444,000,000 lire in gold.

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considerably enlarge its holdings of silver. While unwilling to coin silver without the great states, Holland strongly voiced the conviction that international bimetallism was the only cure for the world's monetary ills. Italy was prepared, even without Germany and England, to join the rest of the Latin Union and the United States in re-opening mints to silver, if Germany would only abstain from selling silver and withdraw her smaller gold coins, and Great Britain would enlarge the legal-tender competence of her silver crowns.

After thirteen sessions the conference adjourned till April 12, 1882, to give governments an opportunity for reflection and negotiations. It did not re-convene.

After this adjournment no international body bearing an official character met for the study of monetary problems until last year, though a congress of private individuals went into the subject at Paris during the exposition there in 1889. Meantime incessant agitation went on, which, with the continued appreciation of gold, led in the summer of 1887 to the creation of a royal commission in England to investigate the relations of gold and silver. The work of this commission was very thorough. It gathered an enormous amount of testimony and examined a great number of experts, only finishing its labors in October, 1888. Its report embraces, first, a general part, conveying information, and signed by all the members; second, a more explicit portion, containing views of policy with reference to remedy. This latter part includes two sections, one favoring the maintenance of monometallism, the other being a plea for international bimetallism, and these two sections bear an equal number of signatures.

The bimetallists merely recite, though in a very able way, the standard arguments for bimetallism; but the monometallists, Lord Herschell, Sir Charles W. Fremantle, Sir John Lubbock, T. H. Farrer, J. W. Birch and Leonard H. Courtney,[1] make admissions in virtue of which this report marks an epoch in the history of monetary theory. Arguing "as well *a priori* as from the experience of the last half century," they say:

[1] Mr. Courtney has since become an ardent bimetallist.

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We think that in any conditions fairly to be contemplated in the future, so far as we can forecast them from the experience of the past, a stable ratio might be maintained if the nations we have alluded to were to accept and strictly adhere to bimetallism, at the suggested ratio. We think that if in all these countries gold and silver could be freely coined, and thus become exchangeable against commodities at the fixed ratio, the market value of silver as measured by gold would conform to that ratio, and not vary to any material extent.

Touching the fear that gold would disappear from a bimetallic league, they add :

If the arrangement included all the principal commercial nations, we do not think there would be any serious danger of such a result.

These gentlemen had already joined the bimetallist commissioners in the following statement relating to the cause of the decline in silver measured by gold :

Looking to the vast changes which occurred prior to 1873 in the relative production of the two metals without any corresponding disturbance in their market value, it appears difficult to us to resist the conclusion that some influence was then at work tending to steady the price of silver, and to keep the ratio which it bore to gold approximately stable.

These considerations seem to suggest the existence of some steadying influence in former periods, which has now been removed, and which has left the silver market subject to the free influence of causes, the full effect of which was previously kept in check.

Now, undoubtedly, the date which forms the dividing line between an epoch of approximate fixity in the relative value of gold and silver and one of marked instability, is the year when the bimetallic system which had previously been in force in the Latin Union ceased to be in full operation ; and we are irresistibly led to the conclusion that the operation of that system, established as it was in countries the population and commerce of which were considerable, exerted a material influence upon the relative value of the two metals.

So long as that system was in force, we think that, notwithstanding the changes in the production and use of the precious metals, it kept the market price of silver approximately steady at the ratio fixed by law between them, namely, 15½ to 1.

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Many confidently believed that the plentiful purchases of silver by the United States under the Sherman Act of 1890 would raise the gold price of this metal to its old figure. For a time such a result seemed likely, but the hope proved illusory. After a remarkable elevation for a brief period in 1890, the price fell to a lower level than ever, leaving the United States in a precarious financial condition, having upon its hands a large amount of uncoined silver, paid for in paper which the country had avowed the purpose of redeeming in gold on demand.

This new collapse in the gold price of silver caused grave concern in Great Britain as well. Independently of bimetallist agitation, considerations of a momentous character urged upon England all possible effort to prevent further divergence of the two metals. Enormous sums are payable by India to Great Britain in terms of silver rupees, for which, of course, the British recipients realize less and less gold in proportion as silver falls. Moreover, the Indian government has to pay to England each year some £15,000,000 *in terms of gold*. The actual payment is of course made in produce, of which fifty per cent more is required than sufficed twenty-five years ago to liquidate the same amount of indebtedness — a great hardship to India. In addition to this, the lack of a fixed par of exchange between Calcutta and London had turned Great Britain's trade with India into a veritable game of hazard. Driven to it by the difficulty of commerce with England, India had built immense manufactories of its own, exporting their products in vast quantities to China and other silver-using countries. Rightly or wrongly, almost the entire depression of British trade was laid by very many to the dislocation of the old value-relation between the two money-metals.

Meantime a strong movement had been begun in Austria-Hungary for rationalizing the monetary system of that monarchy. Surrounded as it is by gold-using states, it could not do otherwise than choose gold for the basis of its new currency. It accordingly thus elected, and arranged for the purchase of great sums of gold. This, at a time when Russia, too, was

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amassing gold, and France and Germany were carefully husbanding their supplies, when Italy was finding it impossible to prevent a premium on gold, and when the Bank of England itself had recently been forced to borrow three million pounds sterling of gold from France, made the monetary outlook gloomy as well for the Old World as for the New. A great many thoughtful men, not in the least inclined to be bimetallists, believed that gold was becoming too scarce to serve as the sole money of ultimate payment, and that consequently it would be of great advantage if a larger monetary use could be made of silver.

It was in the light of the events thus cursorily reviewed that the President of the United States, early in 1892, issued his invitations for a third international conference upon the silver question. Recognizing that some European countries not yet ready to adopt bimetallism might still be willing to confer touching plans more general than that, he couched his circular in such terms that all nations could consistently accept who might think the question of a larger monetary use of silver worthy of discussion at all.

The states of Europe, without a single exception, and also Mexico, accepted the invitation, making with the United States twenty in all, and at the first meeting of the conference every one of the fifty delegates was present. Mr. Beernaert, premier and finance minister of Belgium, opened the proceedings with an address. Mr. Montefiore Levi, a Belgian senator and one of the Belgian delegates in the conference, was chosen president. Mr. Edwin H. Terrell, United States minister at Brussels and a member of the United States delegation, was made vice-president, and Mr. Georges de Laveleye, editor of the *Moniteur des Interêts Matériels*, general secretary.

As it seemed to be thought that the United States delegates should provide an order of business for the conference, they presented at the second session, November 25th, a statement and program to which the conference adhered in all its subsequent deliberations. After rehearsing the considerations which had led to the convoking of the conference, this paper

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offered a resolution that, "in the opinion of this conference, it is desirable that some measures should be found for increasing the use of silver in the currency systems of the nations." The program stated frankly that the United States delegates believed bimetallism, if adopted by a number of nations, to be the best and the only satisfactory plan for the extended monetary use of silver; but expressed the wish that some of the governments, or their delegates, should offer plans short of bimetallism that might be expected to attain the desired end. In addition to any other such plans the United States delegates themselves suggested two, namely, that of Moritz Levy, proposed to the Monetary Conference of 1881, and that of the late distinguished A. Soetbeer, dated at Göttingen, August 5, 1892.

Debate was at once begun upon the initial thesis of the American program, that it is desirable to find some means of increasing the use of silver in the currency systems of the nations — a proposition which merely restated the terms of the invitation under which the conference had convened. The delegates of Germany, Austria-Hungary and Russia hastened to say that they were inhibited by their instructions from debating or voting upon any resolution whatever; while as to this particular resolution Roumania, Portugal, Turkey and Greece, though without special instructions, felt compelled to similar reserve. Great Britain, Spain, Denmark, Mexico and Holland favored the proposition unequivocally. So, in effect, did France and the whole Latin Union, though with a certain hesitancy which led the English delegates to regard these delegations as at this time "disposed to criticism rather than to cordial co-operation with the object of the conference." One is not driven to this view of their conduct. They doubtless meant not to favor any scheme which involved further silver purchases by their states; but their later utterances proved that there was not a delegation of the Latin Union which did not regard a larger use of silver money as a good thing for the world, though two or three individual delegates may have doubted this.

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Forssell (Sweden), Raffalovich (Russia) and Boissevain (Holland) deprecating an immediate vote, and the Americans not insisting on this, the resolution was tabled for the day, while, owing to subsequent matters more important than an expression of mere formal opinion, the consideration of it was not renewed. At almost any later date the resolution would have been adopted by a very large *per capita* majority of the conference, including the delegations of all the leading states. It is doubtful, in fact, if a single vote would have been cast against it.

In the course of this second meeting, Mr. Alfred de Rothschild, of the British delegation, presented a proposal looking to the purchase of silver by Europe, which received much attention both in the conference and from the public. The substance of this as first offered was as follows: On condition that the American government should continue its purchases of silver,

> the different European powers should combine to make certain purchases, say to the extent of about five million pounds annually, such purchases to be continued over a period of five years, at a price not exceeding forty-three pence per ounce standard; but if silver should rise above that price, purchases for the time being to be immediately suspended.

Mr. Rothschild accompanied this motion with a paper in which, while insisting upon gold monometallism as the sole possible policy for England, he recognized "great grievances both in India and China in connection with the silver question," such that "if anything could be done towards diminishing those grievances, it would be extremely desirable." He raised the question whether it were "not possible to extend the use of silver generally and thereby stop a further fall, the disastrous consequences of which no one can foresee." He could "see no objection to silver being made a legal tender in Great Britain up to five pounds, instead of two pounds, as it is at present." In conclusion Mr. Rothschild declared:

> If this conference were to break up without arriving at any definite result, there would be a depreciation in the value of silver which it

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would be frightful to contemplate, and out of which a monetary panic would ensue the far-spreading effects of which it would be impossible to foretell.

The Rothschild proposal, with the schemes of Moritz Levy and Soetbeer, was before the conference at the beginning of the third meeting, and as the American delegation had recommended, the discussion of these was declared the next thing in order, spite of Mr. Tirard's idea that bimetallism should be debated first. Much work needed to be done upon the three schemes named before they were fit to be taken up by the full conference. At this meeting, therefore, a special committee was created for the preliminary examination of these and similar suggestions. Messrs. Cannon (United States), Casasus (Mexico), Cramer-Frey (Switzerland), Foville (France), Osma (Spain), Forssell (Sweden), Fremantle (Great Britain), Molesworth (British India), Raffalovich (Russia), Sainctelette (Belgium), Simonelli (Italy), Tietgen (Denmark), van den Berg (Netherlands), and the president and the secretary of the conference, composed this committee.

These gentlemen did much important work, and their two reports are most valuable. They directed their inquiries primarily to four points: (1) the possible restriction of silver production by taxation; (2) the future course of silver production; (3) the intention of the United States as to continuing the purchase of silver; and (4) the future monetary policy of British India. From the evidence adduced the committee saw no hope of limiting the world's silver output by legislative means. No testimony indicated that any deluge of silver was to be feared, the probability seeming to be in the opposite direction, to the effect that the maximum production had been nearly reached, even if not reached or passed already. Regarding the third question, the committee was informed that the United States Silver Purchase Act of 1890 would almost certainly be repealed before very long, its repeal having been urged by both the great political parties. Touching India, Sir Guilford L. Molesworth declared that no change would be made in the monetary system of that country so long

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as there was any hope of international bimetallism. The adoption of the gold standard there, he said, would be fraught with sore difficulties, yet might have to be tried as a last resort.

The committee also carefully examined Mr. Rothschild's plan, he having expressed a willingness that before submitting it to the governments the conference should supplement it in any way thought proper. Members of the committee pointed out in it several grave defects. They urged that the silver bought ought certainly to be put to a monetary use. Mr. Cannon was quick to expose the unfairness of expecting the United States to purchase much more heavily than all Europe together and to buy at the market price, whereas Europe was never to pay more than forty-three pence an ounce. The Rothschild program came out of committee somewhat improved, yet still highly objectionable. It read :

1. The European states which might form an agreement on the basis of this proposal would buy each year thirty million ounces of silver, on condition that the United States should agree to continue its present purchases, and that unlimited free coinage be maintained in British India and Mexico.

2. The proportion of the purchase to be made by each country would be determined by agreement.

3. The purchases would be made at the discretion of, and in the manner preferred by, each government.

4. These amounts of silver would be devoted in each country to the monetary uses authorised by its laws; and the silver would be either coined or made the guarantee for an issue of ordinary or special notes, as each government might think fit.

5. The arrangement would be made for five years. The obligatory purchases of silver would be suspended, should the metal reach, in London, a price determined by agreement between the governments. The purchases could be resumed if the delegates of the different countries interested should agree upon the fixing of a new limit of price. They would be resumed in any case if the price fell below the original limit.

The Soetbeer draft the committee considered very able, but too involved to be the basis of an international agreement. In

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accordance, however, with the Moritz Levy idea, they suggested (1) the withdrawal from circulation within a determined period of gold coins containing a weight of less than 5.806 grammes of fine gold (twenty-franc pieces); and (2) the withdrawal of notes of a less value than the coin of twenty francs, an exception being made of notes representing deposits of silver.

Not having been charged to recommend the adoption of any plan, the committee reported back the results of its work, to be passed upon in full conference. A decided majority of the committee favored the Levy recommendations, though not regarding them as of great importance; but the British delegate in the committee, Sir Charles W. Fremantle, said that to carry them out would cause Great Britain considerable inconvenience, and that therefore he and his colleagues could not favor such a course unless it were to be joined with some policy like that of Mr. Rothschild, by which other countries could assist in supporting the gold price of silver.[1] To obviate this objection several members of the committee favored some modification of the Rothschild notion, but the representatives of the Latin Union on the committee, evidently determined that their governments should purchase no more silver, would not agree to this. On the contrary they went so far as to offer a formal motion, that even if such a plan were adopted by the conference, they could not recommend it at home. This

[1] In order exactly to describe what has occurred, this article everywhere speaks of a "fall in the gold price of silver," or "in silver as measured by gold." Silver may, indeed, be said to have "depreciated," *i.e.*, its "*pretium*" has, in gold-using lands, gone down. But "depreciation" is a highly ambiguous term and should not be applied to silver, as nearly all who use or read it when so applied, giving it its more usual signification, take it to mean that silver has lost in *value* or *purchasing power*, which is false. Since 1873 silver has quite remarkably maintained its *value*, but, in common with commodities in general, has become less able, per grain, to *command gold*, that is, it has fallen in gold price. "General fall in gold prices" is of course but another name for "appreciation of gold." Laughable are the efforts of many, witness even Mr. Gladstone in Parliament on the 28th of February last, to show that gold has since 1873 had a more stable value than silver. Gold they measure by itself, and silver they measure by gold, not seeing that to give their statement any meaning, they need a criterion of steadiness different from either metal, *viz.*, the prices of commodities in general.

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motion passed the committee by seven votes against six, Forssell (Sweden), Raffalovich (Russia) and Tietgen (Denmark) joining the four representatives of the Latin Union to support it, while all the other members of the committee opposed.

Such were the questions brought before the conference in the first report of this committee. The report formed the subject of debate at the fourth session, and, as was natural, chief attention was devoted to the part of it presenting in its new form the Rothschild scheme. This part of the discussion took an unfortunate turn. Delegates seemed to think that inasmuch as the committee had modified the scheme considerably, no further changes in it could be effected. Consequently, instead of making an effort to remedy still further its defects, which in the judgment of the writer would have been entirely feasible, nearly all who spoke animadverted upon it so severely that Mr. Rothschild felt its fate to be sealed. He, therefore, at the beginning of the fifth session, withdrew it, whereupon discussion began upon the United States proposal of bimetallism.

This discussion was most interesting and was participated in by nearly all the distinguished members of the conference. Foremost in it were Senator Jones, Sir William H. Houldsworth, Sir Guilford L. Molesworth, Boissevain and van den Berg of Holland, Allard and Weber of Belgium, Forssell of Sweden and Tirard of France. What was said threw much light upon the opinions held in various countries on important monetary questions. The matured views of bimetallists were elicited, and a strong attack was made from the monometallist camp to drive their theory to the wall. The chief addresses on the gold side were those of Weber and Forssell. Mr. Weber said nothing new, but presented in a very able manner the line of argument concerning the increase in the world's wealth, the plentifulness of gold in the great banks, the fall of prices as a consequence of cheapened production, and so on, made familiar in this country by the writings of Professor Laughlin and Mr. David A. Wells.

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Mr. Forssell went into the subject much more deeply, revealing extraordinary originality and learning. His argument, however, seemed to the writer more cunning than conclusive. His course of thought was meant to show the novelty and untried character of precisely the project advocated as international bimetallism. He insisted that much danger of treachery must inhere in a compact made for such a purpose, — a fact which of course would be fatal. But everything that was of weight in this speaker's argument turned upon his main contention, that however large any international gold and silver basin should be, its gold might either leak out of it or be lost in it. He did not indicate in the least how gold could possibly leave the basin; but what he said of its conceivable disappearance inside the basin, — as to the possibility, that is, of a serious dearth of gold occurring within the compass of a bimetallic league, — is certainly well worth the attention of bimetallists. The thought was first advanced by Professor Lexis. It is not proposed to canvass it in this place. Suffice it to say that a contingency of the kind, if possible at all, could only arise in case of such an unexpected scarcity of gold as must put gold monometallism absolutely out of the question save for one or two nations at most. Therefore, even supposing Professor Lexis and Mr. Forssell correct in their view, an effort at international bimetallism is more rather than less advisable, though the ratio may need to be 20 or 25 to 1 instead of 15½ to 1.

The bimetallist arguments were far more numerous and diverse. Only a suggestion of their scope can be given here.

1. Bimetallism was alleged to be in perfect scientific accord with the law of supply and demand, instead of traversing this law, as it is charged by monometallists with doing. It was maintained: You of course cannot fix a value-relation between two wares, say gold and silver, independently of supply and demand as realized between them and between each of them and commodities in general. But between gold and silver, at any rate, a league of strong nations *can fix the relation of supply and demand itself*. Vastly the larger part of all gold and of all silver which has not been made into merchandise exists in the

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form of money. Now, of the gold and silver in the form of money the great governments acting together would have a monopoly. Their fiat touching the legal equivalence between given mint-units of the two metals would regulate the actual rates at which those units would exchange with each other. By the well known law of prices when articles are affected by monopoly, the unwrought gold and the unwrought silver not existing as money would follow in value the monetized part.

2. No monometallist in the conference denied that prices have fallen (gold appreciated) since 1873, but several, recognizing the phenomenon, sought to account for it in the usual monometallist manner as the result of copious wealth production. In reply the figures of Jevons, Sauerbeck, Soetbeer and others were cited, which seem to prove that whereas from 1850 to 1870 the world's production of wealth increased on an average 2.75 per cent annually, the average gain between 1870 and 1885 was but 1.6 per cent. It was also set forth that the intrinsic costs of things were falling before 1873 as rapidly as after that date, though in the earlier period prices were rising and extraordinary prosperity prevailed. As still further proof that the fall of prices since 1873 has not proceeded merely from cheapening in intrinsic costs, the conference was reminded that falling costs imply prosperity, high interest and dividends, good wages and profits, few strikes and lock-outs, rapidly multiplying industrial undertakings and rapidly increasing wealth, none of which features fairly characterize the world's economic life since 1873. The vast injustice which the fall of prices causes in the payment of debts and the fulfillment of contracts was dwelt upon somewhat, — less, doubtless, than would have been the case had it been seriously questioned by any.

3. To the proposition that the world's supply of gold is still ample, which had been assumed rather than asserted, several forms of reply were used. The figures and critical estimates of Soetbeer and Leech were adduced, indicating that nearly all the gold now acquired from year to year goes into hoards or manufactures, or is shipped to the East, while population

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and business are everywhere increasing. Soetbeer, not a bimetallist, was further quoted as having demonstrated in his last work that the abundance of gold in banks does not prove an increase in the general stock of monetary gold. It was argued that a general paucity of gold would, by leading to its appreciation, inevitably operate to glut the financial centres, tending to make the holding of money more profitable than investment in productive industry.

4. Several times in the course of the debate attention was drawn to the fact that monometallists no longer urge, as many did fifteen years ago, that silver be demonetized everywhere. This was hailed as a silent recognition of paucity in the yellow metal available for money. Yet Mr. van den Berg, in many respects the ablest monetary authority in the conference, powerfully urged that gold monometallism is tenable only in that primitive form. You cannot, he said, permanently maintain gold monometallism anywhere unless you can do it everywhere. The world of commerce will not brook division into monetary hemispheres. It will not tolerate the chaos of one basal money for the West and another for the East, one for advanced commercial nations and the other for cruder communities, one for the mother land, the other for colonies. In returning to hard money, Austria must choose a gold basis in order to trade with her neighbors. So Roumania. But the motive works elsewhere as well as in Europe. Failing bimetallism, the merchants of English and Dutch India and of Mexico will clamor for gold as basal money for those lands and will get it if they can. The conflict for gold, if it is not paired with silver, must be not only irrepressible, but more and more bitter without end.

5. It was denied that any over-production of silver has occurred. From 1800 to 1820 silver formed three-fourths of the world's precious metal output, gold one-fourth. From 1850 to 1870 the relation of the two metals was exactly reversed, the output of gold having sprung from an annual average of 55,000 kilos between 1841 and 1850 to one of about 200,000 kilos between 1850 and 1870. Michel Chevalier

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and Cobden then fancied the production of gold excessive, and Chevalier wished to demonetize this metal. All now agree that they were in error ; for even after 1850 gold was at no time so abundant that a grain of it would not bring 15½ grains of silver in France. There were brief periods when it came a trifle short of doing this in London, owing to the state of Paris exchange. In 1892, 197,000 kilos of gold were produced in the world, six times the annual average for the years from 1831 to 1850. The silver yield for 1892 was 4,480,000 kilos, less than six times the annual average between 1831 and 1850. If the world's yield of gold suddenly increased some 300 per cent and maintained the gain for twenty years without any over-production, who can speak of over-production in silver on account of an increase, very gradual, from an annual average of 1,654,000 kilos between 1866 and 1875, to one of 2,930,000 kilos for the last seventeen years, or about seventy-seven per cent ? Notwithstanding demonetization, no large stocks of silver bullion even now exist save that of the United States government, which will in all probability never be put upon the market. The low gold price of the metal is fixed by the comparatively small quantities here and there which do remain unsold.

6. The allegation of certain speakers that bimetallism had strong affinities with protection invited the bimetallists to set forth their view of the relation between these doctrines. It was ascertained that many of the strongest foes of bimetallism are protectionists, and many of its chief advocates free-traders. One speaker affirmed that the refusal of free coinage to silver in so many nations, annihilating all fixity in the par of exchange between the gold-using and the silver-using parts of the world, thus turning commerce between these into a mere game of chance, was doing more to restrict freedom of trade than all the tariffs in existence. The charge that bimetallism is artificial was met partly by the argument traced above, under "1," and partly by showing the necessity that the amount of metallic or fundamental money should increase somewhat in proportion to population and business. In connection with this the nature of credit was considered, the view of Jevons being insisted on,

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that credit cannot permanently supplant money, and can be safely expanded only as its hard-money basis expands. It was also remarked that, as a matter of fact, credit has not increased very much since 1873, the amount of cheques cleared at the London clearing house having been the same in 1887 as in 1870, *viz.*, about £6,077,000,000. It was held that if gold is the more suitable money for large transactions, silver certificates share much of its advantage here, while for all smaller dealings, involving immense sums in all, silver is far preferable even in the wealthiest countries. In the light of these facts, the demonetization of the white metal was declared to be "much the most flagrant and disastrous rupture of natural law ever committed by the action of states, not excepting any legislation in the history of mercantilism."

The debate on bimetallism occupied most of sessions six, seven, eight and nine. British delegates had from the outset asseverated that Great Britain would not adopt this system. Germany and Austria-Hungary let it be inferred that they would not do so, at least without England. France explicitly declared this to be her attitude. It would hence have been useless to bring the question of bimetallism to a vote — a thing, in fact, which was at no time intended. Under the circumstances such a vote could have borne no relation to the weight of argument, and would have begotten more or less discord, needlessly hindering future work. And much of this remained. Except in committee, there had been no canvass of the Moritz Levy plan. It was strongly hinted that the Rothschild program was to be revived in a more pleasing form. Besides, the entire second report of the special committee, full of important matters, waited untouched for examination in plenary session.

This report dealt with six different suggestions for the relief of the monetary situation :

1. That of Mr. Tietgen, proposing a union of states for the free coinage of silver at a ratio to gold as near as possible to that of bullion in the market, the coins to be full legal tender and to circulate internationally, each state being bound to redeem its own in gold.

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2. That of Sir Wm. H. Houldsworth, based upon a project prepared by Mr. Huskisson in 1826 for the consideration of the British government. This Houldsworth-Huskisson measure, presupposing bimetallism in one, two or three states, is intended to guarantee the success of this by aid of other states, rendered through some means short of bimetallism. These non-bimetallic states receive silver bullion, issuing therefor certificates which name each the gold value of the silver at the date of deposit. The certificates circulate as legal tender in all transactions, and are redeemable each in the weight of silver for which it was issued. If silver has risen, the holder gains; if it has fallen, he loses.

3. That of Mr. Allard, being an international application of a recommendation made by Secretary Windom in his report for 1889, to issue treasury notes against deposits of silver at its market price when deposited, each payable on demand *at its original value*, in gold, silver coin or silver bullion. Here, the government instead of the certificate holder gains or loses from fluctuations in the gold price of silver.

4. That of Mr. de Foville, advocating international legislation for the recognition and encouragement of silver warrants issued by mints and great banks, these to be commercial rather than monetary in nature, and negotiable without legal-tender quality or guaranty by governments.

5. That of Mr. Forssell, signalizing as capable of wider application the form of compact already in vigor between the national banks of Sweden, Denmark and Norway. Each of these banks has an account with each of the others, a cheque being honored by the drawee bank even when the bank drawing it happens to have no cash on deposit with the drawee.

6. That of Messrs. Montefiore Levy and Sainctelette, proposing that mints and government banks receive "Siamese twin" deposits, each consisting in a given amount of gold and a given amount, say twenty or twenty-five times as much in weight, of silver, issuing for each such twin deposit a certificate redeemable only in the very weight of gold and silver deposited. The proportion of the silver to the gold in a deposit may, if

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necessary, be changed from time to time by an international commission. The certificates form a quasi-money, likely to be very useful in settling international balances.

The report containing these projects and the committee's reflections upon them gave the conference plenty of unfinished business at the end of the ninth meeting. But it was now December 15, when all agreed that the conference must soon adjourn for the holidays. The recess might have ended, say, January 5, but there was a general conviction that a longer interval was desirable, to enable governments to consider the various measures placed before the conference, so as to express more exactly their views and wishes. Therefore, at the tenth meeting, December 17, Baron di Renzis, of Italy, who, after Mr. Tirard's departure to become finance minister to the French government, was the leading delegate of the Latin Union, offered this resolution:

> The International Monetary Conference, recognizing the great value of the arguments which have been developed in the reports presented and in the discussions at the meetings, and reserving its final judgment upon the subjects proposed for its examination, expresses its gratitude to the government of the United States for having furnished an opportunity for a fresh study of the present condition of silver.
>
> The Conference suspends its labors and decides, should the governments approve, to meet again the 30th of May, 1893. It expresses the hope that during the interval the careful study of the documents submitted to the conference will have permitted the discovery of an equitable basis for an agreement which shall not infringe in any way the fundamental principles of the monetary policy of the different countries.

The motion was supported in a number of very strong speeches, and passed without a dissentient vote.

In conclusion a few observations are pertinent to the foregoing *résumé*.

1. Judging by the utterances, public and private, of their delegates, the European cabinets must consider the monetary condition of the Western World with considerable concern.

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As Sir Rivers Wilson, an uncompromising monometallist, chairman of the British delegation, remarked in the second session:

There can be no question, in our opinion, that all the governments who have sent representatives to this conference, even those who have instructed their delegates to act with the greatest reserve, recognized the presence of a danger; otherwise there would be no justification for our presence here.[1]

2. The old serenity of monometallist faith is much discomposed. The apostasy of theorists like Schaeffle and Wagner and of practical students like Hucks Gibbs, Goschen and now Courtney, has had much effect. More influential still, in this way, have been the growing scarcity of gold relatively to the need of it, the incessant fall of prices, confined to the gold-using world but universal there, and the distress which international commerce suffers from the disappearance of all fixity of par between the gold and the silver nations. If monometallism still has able champions, as it most certainly has, either governments for some reason sent few of them to this conference, or most of those sent preferred silence to speech.

3. Not a particle of doubt is possible that Germany, Austria-Hungary, Russia and France, with the whole Latin Union, and indeed all continental Europe, would resume the free mintage of silver if Great Britain would lead the way. As Baron di Renzis said in the address with which he accompanied his motion that the conference adjourn:

From all sides in this assembly — and the fact is apparent in every speech which has been made, whether the speaker stated it openly or merely alluded to it — eyes are turned toward England. It is perceived and recognized that England has to fill a preponderant rôle upon this question. All the world is waiting to see that great country set the goodly example for which we hope. The speeches of

[1] Most of the great European newspapers, influenced by those who are, or think they are, benefited by the continued appreciation of gold, either misapprehend or misrepresent both the facts of the monetary situation and the views of responsible monetary officials touching these facts.

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many delegates have appeared almost like reproductions of an historic phrase. In this struggle for the rehabilitation of silver everybody in fact has seemed to be saying: "*Messieurs les Anglais, tirez les premiers.*"

4. Will the British, thus invoked, "be the first to fire?" Will they fire at all? None can say. What is certain is that they ought to, and that a conviction to this effect is entertained more and more widely in England itself. This was shown by the vote in the Commons last February 28th, on Sir H. Meysey-Thompson's motion that the House express itself in favor of reconvening the Brussels conference. Recent advices assure the writer that this motion would almost certainly have passed had not the government unexpectedly taken the position that its adoption would be regarded as equivalent to a vote of lack of confidence, thus securing against it the suffrages of many who really favored it. As it was, the motion was lost by a majority of only 81 in a House of 381. On April 18, 1890, only three years ago, a similar motion, encountering no adverse effort, was lost by a majority of 96 in a House of only 270.

5. At any rate England will not change to bimetallism at present. What can be done meantime? Is it of any use for the conference to reconvene, particularly as from the attitude of our Congress Europe is permitted to hope that she can in a little while get all our gold?

A twofold reply may be made to this. First, the silver imbroglio being so complicated and so serious, the nations cannot afford to dissolve the conference till every proposition now before it, as well as all new ones having aught of promise, have been fundamentally studied. For lack of time the conference has not yet really sounded a single one of them. Further, two at least of the drafts already submitted are at once so simple and so meritorious that the conference might quite possibly unite upon one of them. Mr. Allard's is in this case. Hazardous as the Windom plan would have been for the United States alone, a syndicate of strong nations could, in the writer's judgment, adopt it with entire safety, and through it, without

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loss to any one and with incalculable benefit to humanity, restore silver to its old price and function.

Were this plan rejected, that of Moritz Levy remains, which, modified a little, could hardly fail of being acceptable to all. Let the nations withdraw from circulation every gold coin weighing less than the twenty-franc piece, with every uncovered note worth less than twenty francs, and fill the gap thus opened with new silver, to circulate either as coin or through certificates. Some such proposal has been long before the world and has been endorsed in many quarters. It might conceivably even lead to bimetallism; but should it not, it would still have numerous advantages. France herself could hardly object to it. Its execution — as would be the effect everywhere — would richly replenish her gold centres, bringing into them the bits of gold now scattered among the people and useless in emergency. Thus, while the measure would somewhat raise the silver proportion of the country's total metallic money, upon its central metallic stock — which is a more important consideration — it would have the reverse effect. And the plan would be well worth trying, if France had to be excused from buying silver under it.

E. Benj. Andrews.

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THE THEORY OF PROGRESSIVE TAXATION.

I.

THE question of progressive taxation is forging to the front. It has not been settled either in theory or in practice. If we look at the history of taxation, we find repeated attempts made to introduce the progressive principle, from the early legislation of Solon down to the present time. And if we confine ourselves to the nineteenth century, we find that almost every country has to some extent introduced the progressive principle into its actual tax system. We find this not only in monarchies, like those of continental Europe, but in democracies, like those of America, Australia and Switzerland. Thus, for instance, we find a progressive income tax in Prussia and many of the other German states, in Sweden, Denmark and many of the towns of Holland and Belgium, as well as in Switzerland; a progressive rental tax in France; a progressive property tax in Switzerland and Australia; a progressive inheritance tax in England, Switzerland, Australia, Canada and elsewhere; and even in the United States, which is supposed to be *par excellence* the home of proportional taxation, we have had a federal progressive property tax and some decidedly progressive income taxes, we still have progressive income taxes and progressive taxes on the receipts of corporations, while the introduction of the progressive principle into the inheritance tax is being earnestly considered. It may be worth while, then, to review the arguments for and against progression in order to ascertain where the real truth lies.

I use the term "progressive taxation" in preference to "graduated taxation," because a gradation may logically be either upwards or downwards; while "progression" always denotes a gradation upwards. A higher rate on a smaller property or income would still be graduated taxation, but it would be regressive, not progressive.

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The arguments that have been advanced in favor of progressive taxation may be grouped in three classes, which may be called respectively socialistic, compensatory and economic.[1]

The foremost scientific advocate of the socialistic theory of progression is the German economist Adolf Wagner. Wagner distinguishes between the purely fiscal period in the history of public finance and the "socio-political" period. The characteristic of the first period is the simple endeavor of the government to raise a revenue adequate to its needs. The characteristic of the second period lies in the predominance of social reasons over purely fiscal reasons. The state is no longer satisfied merely with raising adequate revenue, but now considers it a duty to interfere with the rights of private property in order to bring about a more equitable distribution of wealth. The fiscal policy looks merely at the needs of the administration; the socio-political policy looks at the relations of social classes to each other, and the best methods of satisfactorily adjusting these relations. The fiscal policy necessarily results in proportional taxation; the socio-political policy results in progressive taxation. The ethical demands of modern civilization are everywhere preparing the way for a transition from the old fiscal period to the incipient socio-political period. It is these ethical or social reasons alone which can logically serve as a basis for progressive taxation.

This distinction of Wagner is, however, entirely baseless. It is not true historically that the tax policy of various nations has been adjusted solely with reference to purely fiscal reasons. All governments have allowed social considerations in the widest sense to influence their revenue policy. The whole system of protective duties has been framed not merely with reference to revenue considerations, but in order to produce results which should directly affect social and national pros-

[1] For a fuller statement of the theories and for a detailed history and criticism of the various writers on the subject, as well as for a sketch of the facts and results involved, the reader is referred to a monograph on "Progressive Taxation" by the present writer, to appear in Volume VIII of the Publications of the American Economic Association.

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perity. Taxes on luxuries have often been mere sumptuary laws, designed as much to check consumption as to yield revenue. Excise taxes have often been levied from a wide social, as well as from a narrow fiscal, standpoint. From the very beginning of all tax systems these social reasons have frequently been present. The attempt to distinguish sharply such periods in history is, therefore, unsuccessful.

But, on the other hand, it is not allowable to confound this undoubtedly social element in all fiscal policy with what Wagner calls the socio-political, or what may be called more correctly the socialistic element. From the principle that the state may modify its strict fiscal policy by considerations of general national utility, to the principle that it is the duty of the state to redress all inequalities of fortune among its private citizens, is a long and dangerous step. It would land us not only in socialism, but practically in communism. If the equalizing of fortunes were one of the acknowledged functions of government, it would be useless to construct any science of finance. There would be only one simple principle: confiscate the property of the rich and give it to the poor.

The socialistic argument, which undoubtedly lies at the basis of many of the demands for progressive taxation, must be unconditionally rejected by all who are not prepared to class themselves as socialists. But, unfortunately, most of the middle class, as well as many professed economists, have confounded the economic theory of progressive taxation with the socialistic theory and have assumed that progressive taxation necessarily implies socialism and confiscation.[1] This is entirely erroneous. It is quite possible to repudiate absolutely the socialistic theory of taxation and yet at the same time to advocate progression. One may be an arch-individualist and yet logically believe in progressive taxation.

Before taking up the economic theory, however, it may be well to notice briefly the views of those who occupy a middle

[1] The ablest American exponent of this subject is Mr. David A. Wells. *Cf.* "The Communism of a Discriminating Income Tax," *North American Review*, March, 1880.

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ground, and who uphold progressive taxation on what I may call the compensatory argument. President Walker, for example, bases his defence of progressive taxation on two points: first, "the undoubted fact that differences of property and income are due in no small degree to the failure of the state in its duty of protecting men against violence and fraud"; and secondly, "that differences in wealth are in a measure due to the acts of the state itself for a political purpose, as treaties of commerce, tariffs, currency legislation, embargoes, non-intercourse acts, wars, *etc.*" He argues that where differences of wealth may fairly be presumed to be in a measure due to the state's own acts of omission and commission, allowance should be made therefor in the tax system.[1] And he concludes that "were the highest human wisdom, with perfect disinterestedness, to frame a scheme of contribution, I must believe that the progressive principle would in some degree be admitted."

This defence of progressive taxation is in many respects interesting,[2] but it is not convincing. The defect of the theory consists in the fact to which President Walker himself alludes, that it furnishes no practical standard and enables us to lay down no general principles by which the influence of the state in creating inequalities of fortune may be measured. If progression is regarded as unequal, then it is impossible to correct one inequality by another unless it can be shown that the second will in every respect fit into, and counterbalance, the first. But the test embodied in the present doctrine is impracticable. If the compensatory argument were the sole defence of progressive taxation, it might be as well to abandon the contention at once.

[1] F. A. Walker, Political Economy, first edition (1883), 479-480. In the last edition these passages are omitted, although the general conclusion is still retained.

[2] The theory was advanced at length in the remarkable work of a woman, Mlle. Royer, which received a prize at the great international conference on taxation in Lausanne in 1860 (Royer, Théorie de l'Impôt, 1862). And it is found in several other writers, especially among the French. There is every reason to believe, however, that the theory was independently arrived at by General Walker.

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Of a similar character, although of somewhat greater force, is the argument which upholds progression in some one particular tax, on the ground of its acting as a counterpoise to the influence of other taxes. When indirect taxes exist they often, it is said, hit the poor harder than the rich. The income tax, with its progressive scale, is to act as an engine of reparation. In order to attain equal treatment the regressive indirect taxes must be counterbalanced by the progressive direct taxes. Proportionality of taxation is still the true ideal, but the departure from proportional taxation in one direction must be met by an equal departure in the opposite direction. This argument I would term the "special compensatory theory," as over against the general compensatory theory. The latter upholds progression as a general principle; the former aims at proportion in general, but is willing to accept progression in some particular tax in order the better to realize the ultimate proportion.

This special compensatory theory is undoubtedly of some force in tending to justify a progressive income or property tax in practice, without upholding general progression in theory. Some of the fiercest opponents of the general theory of progression favor a progressive income or property tax on this ground. So again the progressive rental tax is frequently upheld as being in reality a proportional tax, because of the fact that as house rent decreases, its proportion of the total expenditure or income increases, especially in the middle and lower classes. Such an ultra-conservative as Leroy-Beaulieu advocates progression here, without seeing, however, that the argument is applicable to other taxes as well. But let us pass over these arguments in favor of what may be called ostensible progression and consider the economic arguments that may be advanced for and against progressive taxation as a general theory.

The real contest between the principles of proportion and progression turns about the fundamental question as to the basis of taxation — the theory of benefits or the theory of ability. On the one hand we have the principle that a man

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should pay taxes in proportion to the benefits that accrue to him from the state — the so-called give and take, or *quid pro quo* doctrine, also known as the enjoyment, or bargain and sale, or exchange, or reciprocal, or social-dividend theory. Of this, minor variations are the protection and insurance-premium theories. They all in last resort mean taxation according to benefits received. I have therefore summed them up under the name of the theory of benefits. On the other hand we have the principle that a man should pay taxes in accordance with his faculty or ability to pay, or contributive capacity.

We must take it for granted in this place that the theory of benefits as the controlling principle in general taxation has been discarded in favor of the other theory. To prove this in detail and to point out the considerations which limit the general theorem, would require a discussion which belongs rather to the general bases of taxation. The point which I desire to emphasize here is that the theory of benefits has usually led to the principle of proportion, and that the theory of ability or sacrifice has usually led to the principle of progression. But this has not been universally true. For in a few cases the theory of benefits has led to the principle of progression, while the theory of ability has sometimes led not only to the principle of proportion, but also to the principle of degression rather than of progression.[1]

II.

The old doctrine of taxation was that of benefits. It held that taxes must stand in a definite relation to the advantages derived by the individual citizen. Since protection was generally regarded as the chief function of the state, the conclusion was drawn that taxes must be adjusted to the protection afforded. Taxes were looked upon as premiums of insurance which individuals paid to the collective insurance company—the state — in order to enjoy their possessions in peace and security.

[1] By degressive taxation is meant an increase of the tax rate up to a certain limit, with a constant rate above the limit. That is, the proportional rate is regarded as the norm, but on all sums counted downward below this, the tax rate gradually diminishes. There is a degression.

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The natural conclusion from this doctrine was proportionality of taxation. The larger a man's property or income, the greater are the benefits that accrue to him from the protection of the state. An insurance company fixes its premiums in exact proportion to the value of the property; for the value of the property determines the extent of the risk. So in the same way the state must charge for its activities and exertions, proportioning each charge to the amount of its efforts, and measuring the expenditure of the effort by the exact amount of the property or the income protected. The logical and necessary outcome of this theory was declared to be the proportional taxation of all property or income. This was the theory of Vauban, the Physiocrats, Justi, Adam Smith, McCulloch, Thiers and most of the earlier French, German and English writers.

This conclusion, however, was first modified and then openly attacked. The modification consisted in introducing the theory that the minimum of subsistence should be exempted. As regards the property tax, this took the shape of a demand for the proportional taxation not of all property, but of all property in excess of a definite minimum. As regards the income tax the modification was known as the clear-income theory of taxation. This theory was not much else than the acceptance of the Ricardian view of income. Ricardo says that "the power of paying taxes is in proportion to the net, and not in proportion to the gross, revenue." By net revenue he means gross income, less expenses of production. Now the advocates of the clear-income theory held that the laborer's outlay for necessaries are also expenses of production. Hence the demand for the exemption of the minimum of subsistence, as urged by Forbonnais, Steuart, Bentham and others in the eighteenth century. Moreover, some of the German writers, like Behr, Jakob and Lotz, went further and extended the conception of clear income. They maintained that not only the necessary expenses of sheer subsistence, but also the expenses which contribute to maintain a standard of comfort, should be considered expenses of production. The amount of income exempted

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would thus be considerably larger. But all the excess, or the clear income over and above these expenses of production, should still be taxed proportionally because of the benefits theory. The taxable income is the clear income. Proportional taxation therefore means proportional taxation of clear income only.

It is plain that this really is proportional taxation in a very peculiar sense; and that proportional taxation of clear income, *i.e.*, income above a fixed minimum, is really degressive taxation of total income. And thus, without knowing it, many advocates of so-called proportional taxation really favor non-proportional taxation. It may be said, moreover, in criticism, that this idea of clear income is open to serious objection. For as soon as we extend the idea of minimum of existence so as to include a standard of comfort — that is, as soon as we say that not only absolutely necessary but also relatively necessary expenses should be deducted, clear income, or taxable income, becomes a variable quantity, because not a fixed but a variable minimum must be deducted in each case. And since wealthier individuals generally have a higher standard of life, — for they consider almost as necessaries what the poor look on as luxuries, — it would follow that the wealthier a man is, up to a certain point, the greater should be the amount exempted from taxation. Proportional taxation of clear income might in this case be not degressive but regressive taxation of total income; it might actually tax the poor man more than the rich man. Clearly, therefore, if the idea of clear income be accepted at all, it must be restricted to the surplus above a fixed minimum of necessary subsistence.

Not only was the doctrine of proportional taxation modified in this way, but it was soon formally attacked, and from two sides. On the one hand the inadequacy of the basis was pointed out: it was affirmed that taxes could not and should not be proportioned to benefits. On the other hand, while the basis was still upheld, the validity of the conclusion was denied. That is, it was still asserted that taxes must be paid in accordance with benefits; but it was shown that benefits

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were not proportional to property or income. Let us take up the last objection first, especially because it has been almost completely overlooked.

The benefits to the individual, said some writers, like Condorcet, Garnier, Eisenhart and Judeich, increase faster than his property or income. Most of the public expenses are incurred to protect the rich against the poor, and therefore the rich ought to contribute not only absolutely but relatively more. Certain governmental expenses, said other writers, confer an equal or proportional benefit on all; but there are many kinds of governmental outlay which have a special value for the rich, without losing the equal value for all. Others again confessed that the benefits of state actions are theoretically enjoyed by all, but maintained that practically the benefits accrue only to the wealthier classes. Finally, some writers, *e.g.* Fauveau, went so far as to invoke the aid of mathematics, and to try to prove that protection actually increases faster than property or income. The value of state protection to a man worth one million dollars is not just ten times as much as its value to the man worth one hundred thousand dollars, but far more than ten times as much. The insurance argument, say these writers, proves the contrary of what it is intended to prove. For insurance companies fix their premiums not only in proportion to the amount insured, but also according to the risks, so that the same amounts often pay different premiums. Now a million dollars belonging to one man is in greater risk of being stolen or pillaged than the same amount distributed among several men. Therefore the tax rate or insurance premium ought to be higher. Thus from all these different points of view writers who firmly believe in the benefits theory are forced, logically, as they think, to demand progressive taxation.

The situation is a curious one. The benefits theory is usually regarded by its opponents as a narrow, extreme-individualist, almost atomistic doctrine. The demand for progressive taxation is usually branded by the individualists as a socialistic demand. Yet here we have the arch-individualists who demand

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what other individualists regard as arch-socialism. It is a remarkable outcome of individualism.

In reality, however, this defence of progressive taxation is not very strong. Far from being the fact that the value of protection increases faster than property, the very reverse is true. A man without any income or property at all may have more money spent on him in the poor-house than hundreds of men with moderate incomes. The millionaire who is able to hire his own watchmen, his own detectives, his own military guard, and who often relies more on his individual efforts than on the government for the protection of his property, causes the state less expense than the man of smaller means who must depend entirely on the government. The rich man sends his children to private schools and colleges; the poor man has his family educated in the public schools. The rich man has his street swept by his own hired laborer; the poor man has his cleaned at the expense of the city. The activity of the state is up to a certain point subject to the law of increasing returns. If we are to have any comparisons at all between state action and private business, the state may be compared to a railroad, whose business and whose receipts may increase vastly without entailing a proportionate increase of outlay, because certain expenses are fixed, not variable, charges. It does not cost the state ten times as much to settle a $1,000 lawsuit as it does to settle a $100 litigation. Certain expenses of government indeed vary with the value of property, but the great majority increase in a less than proportionate ratio. And from the standpoint of benefits conferred, who would have the hardihood to say that the poor man does not value the protection afforded to his life and property just as much as the rich man? As we have just seen, he frequently values it far more, because of his entire dependence on the state. No; if protection or benefits is to be the sole test of taxation, the scale should be graduated downward, not upward; neither the protection nor the benefits grow in proportion to the property or income. Logically, thus, it might seem that the poor man should then pay proportionally more than the rich man.

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This whole method of argument, however, is inconclusive. The question of advantages which an individual derives from governmental action is a psychological one. It does not logically lead either to proportional or to progressive or to regressive taxation. The degree to which a taxpayer values the public art galleries, or the public concerts, or clean streets, or the decisions of the courts, or the thousand and one other benefits conferred by state action, depends on a multiplicity of motives which may differ in every individual case. A poor man may value them more, or he may value them less, than a rich man. Two equally rich men may value them in entirely different degrees. There is no exact and absolute measure of advantages. It is wholly impossible to apportion to any individual his exact particular share in the benefits of governmental activity. The advantages are quantitatively not measurable.[1] Proportional taxation as a necessary outcome of the benefits theory is just as illogical as progressive taxation based on the same theory.

It is this logical conclusion which has led most recent writers to abandon the premises that made the conclusion possible. But some of the advocates of the give-and-take theory sought to uphold the general doctrine on slightly different grounds. It was confessed that the protection or insurance theory of taxation was illogical. But the advocates of the give-and-take theory, like Sargant and Gandillot, now maintained that taxes should be proportioned to the cost of service. Not the value of the protection to the individual, but the cost of the service to the government is the test. Every man must pay the state for a service just what it costs the state to afford that service. This is still the exchange or *quid pro quo* theory, but it is a variation from the untenable protection or insurance doctrine.

But the cost-of-service theory was soon found to be just as unsatisfactory as the other variations of the give-and-take

[1] *Cf.* the discussion of benefits as both the reason and the measure of taxation, in my address on the single tax, in The Single Tax Discussion, reported for the American Social Science Association (1890), pp. 40–44.

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theory. There is, indeed, no doubt that some payments made by individuals for particular services should represent as nearly as possible the cost of service to the government. In this all modern writers are agreed. But such payments are not taxes. They are known in public finance as fees and tolls, or what Adam Smith called "particular contributions." But they are not taxes properly so called. For just as it is impossible to apportion taxes in general according to the protection or insurance, because it is impracticable to measure the individual benefits of general government activity, so in the same way it is impossible to apportion taxes in general according to the cost of each particular service, because it is impracticable to separate the individual's share in the total cost of general state expenses. The cost-of-service theory is just as inadequate as the protection or insurance theory. They are both variations of an indefensible whole.

Thus the entire give-and-take theory came to be abandoned as the foundation of a scientific treatment of taxation. And since the theory of benefits was largely discarded as the sole explanation of taxation, it became necessary to substitute another basis. This has been found in the doctrine of ability or faculty. Every individual should be taxed in accordance with his faculty, or his ability to pay.

III.

The faculty theory of taxation is very old. That a man should contribute to the public burdens in proportion to his ability, or faculty, is a principle that dates back to the middle ages, both in theoretical literature and in practical legislation, and may even be found in its main outlines in the writings of the Greek philosophers. The word "faculty" is the usual one in Latin and French tax laws and is the general term employed in all the early American laws, so it seems to be a peculiarly appropriate term to use in American discussions. For a long time, however, the best practical test of faculty was supposed to be general property. Thus all through the

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middle ages, when local taxes were levied at all, they were assessed on general property on the principle *juxta bonorum facultatem* or *pro bonorum facultate*.[1] In England the word ability is first used in a general statute in the Elizabethan Poor Law, which provides for the taxation of every inhabitant of the parish "according to the ability of the parish"— a term interpreted to mean "property." This identification of ability and faculty with property was carried over into the earliest American colonial legislation.[2]

Later on the interpretation of "faculty" was somewhat altered. From meaning property it now began to denote revenue or income. But it was still interpreted to imply a proportional tax, — proportional, now, no longer to property, but to income. We see this idea carried out in practical legislation. Thus, not to speak of the mediaeval town taxes in Europe, we find in the tax laws of the American colonies toward the middle of the eighteenth century the word "faculty" used to designate the "returns and gains," as over against the "visible estates" or property; and the tax was expressly called the "faculty tax" or the "assessment on the faculty."[3] So again during the French Revolution the principle was repeatedly laid down that taxation should be according to faculty, or according to estates and faculties, — faculty being presumed to stand for revenue as over against the property. But in all cases, with only one exception, the faculty tax was held to mean a proportional, not a progressive tax. And later on, in the French constitutions of 1814 and 1830, the term "faculty tax" seems to be used in the sense of a proportional tax on property.

The idea that faculty or ability is measured by income obtained a firm foothold in theory through the celebrated maxim of Adam Smith, that "the subjects of every state ought to contribute . . . as nearly as possible in proportion to their respective abilities, that is, in proportion to the revenue which

[1] See my article, "The General Property Tax," in the POLITICAL SCIENCE QUARTERLY, V, 48 (March, 1890).

[2] *Ibid.*, p. 57.

[3] *Ibid.*, p. 58.

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they respectively enjoy," *etc.* And for some time the theorists regarded the proportional income tax as the ideal, which ought to be substituted for the whole existing system of taxation.

It was not long, however, before a slightly different interpretation was put on faculty. Income was still regarded as the test of faculty, but the definition of income was altered, or rather, only a portion, not the whole, of the income was henceforth regarded as the standard of ability. Only that part of income which exceeded what was necessary for existence was declared taxable. The idea we know had already been developed by the advocates of the give-and-take theory of taxation, like Steuart, Bentham, Forbonnais, and a whole host of German writers in the first half of this century. But the clear-income theory, as it is called, was adopted also by the advocates of the faculty principle. That is to say, taxation as demanded by the faculty principle should be proportional indeed, but proportional only to that part of income which exceeded a definite sum. The minimum of existence should be exempted. It is readily seen that the resulting tax would be not strictly proportional, but graduated, as to the whole income, although it would be proportional to a certain excess of income.

The entering wedge, which thus began to modify the conception of faculty, was soon pushed further in. The original idea, as we have seen, was that of production. Whether the product was taken as it came in, in the shape of income, or as it permanently remained, in the shape of property, is immaterial in so far as this point is concerned. Both property and income as tests of faculty had regard to conditions of production. But as soon as a demand was made for the exemption of the minimum of subsistence, a new factor was introduced, namely, the conditions of consumption. What the individual received or produced in the way of income was no longer the only consideration ; the ability to apply this product to the satisfaction of his necessary wants became an equally cogent factor. Then it was only a step to enlarge the conception of consumption. Not alone the satisfaction of necessary wants, but

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the satisfaction of all wants now became the watchword. Faculty was declared to consist not alone in power of production or extent of product, but also in the power to use the product to satisfy all one's wants. The conditions which limit faculty are to be found not only in the amount of the income but in the demands that are made upon the individual in disposing of his income. In other words, the idea of burden, or sacrifice, was introduced. Equality of pressure or equality of sacrifice now became a fundamental consideration; and faculty or capacity to pay taxes was henceforth declared to be measured by that proportion of his product or income the loss of which would impose upon the individual an equal burden or sacrifice with his neighbor. This was virtually the standpoint of Montesquieu, Montyon and Say among the French, and of Craig, Buchanan and Sayer among the English writers.

The doctrine of faculty, as reinvigorated by the conception of sacrifice, was thus made the starting point of a new scientific movement. Some writers, like the German Rau, declared the two ideas virtually identical. Some, like John Stuart Mill, let fall entirely the conception of faculty and maintained that the only test of just taxation was equality of sacrifice Finally other more modern authors have sought to combine the two ideas, maintaining that the conception of faculty can be really grasped only when interpreted in the light of equal sacrifice, or conditioned by it.

What, now, were the conclusions drawn from this doctrine of equal sacrifice—a doctrine which is by no means so new as has been generally assumed, and which is found in many of the English and French writers who have almost universally been passed over in the history of the science of finance? The argument may be expressed as follows. All individual wants vary in intensity, from the absolutely necessary wants of mere subsistence to the less pressing wants which can be satisfied by sheer luxuries. Taxes, in so far as they rob us of the means of satisfying our wants, impose a sacrifice on us. But the sacrifice involved in giving up a portion of what enables us to satisfy our necessary wants, is very different from the sacrifice involved

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in giving up a portion of what enables us to satisfy our less urgent wants. If two men have incomes of one thousand dollars and one hundred thousand dollars respectively, we impose upon them not equal, but very unequal sacrifices, if we take away the same proportion, say ten per cent, from each: for the one now has only nine hundred dollars, and must deprive himself and his family of necessaries of life; the other has ninety thousand dollars, and if he retrenches at all his expenditures, which is very doubtful, he will give up only great luxuries, which do not satisfy any pressing want. The sacrifice imposed upon the two individuals is not equal. We are imposing on the poorer man a far heavier sacrifice than on the richer. In order to impose equal sacrifices we must tax the latter not only absolutely but relatively more than the former. That is, the tax must not be proportional, but progressive; the rate must be lower in one case than in the other. And since our wants shade imperceptibly into each other, — from absolute necessities, to comforts, to comparative luxuries, to extreme luxuries, — logic would require the progression to be gradual.

This doctrine was soon assailed from several sides. Some, like Leroy-Beaulieu, opposed it simply because they denied the validity of the sacrifice theory as over against the benefits theory. But they may be passed over here, as they have already been discussed under the head of advocates of the benefits theory. Others, like Mill, asserted that the doctrine was "too disputable entirely," without clearly showing, however, in what way it could be disputed. For they still believed in the equality-of-sacrifice doctrine, although they did not desire to go beyond the exemption of the minimum of existence. Others again, among recent writers, have accepted the conclusion as to progressive taxation, but maintain that the premises should be slightly altered. Others, finally, have pointed out that the conclusion itself should be somewhat changed.

To take the last point first. If we accept the argument, so it was said, it follows that the rate of progression should continually increase until finally the whole income or property would be swallowed up by the tax. This is a most common

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objection and one of the favorite arguments with opponents of progressive taxation. It may be traced as far back as the last century. Jollivet, for example called the progressive tax the vulture which consumes its own entrails.[1] In answer to this it was pointed out by Neumann and others that the progressive rate would satisfy the demands of theory by applying only to the successive increments of property or income, so that the hundred per cent rate, if it were ever reached, would never apply to the entire income, and therefore could never confiscate the whole income. But more than this, many of the advocates of progressive taxation hold that the rate of progression ought itself to be degressive. This was deemed to follow logically from the argument above. For if the intensity of our wants differs very considerably with different objects, the loss of a given sum of money will affect the poor man and the rich man very unequally, because in the one case it trenches upon necessaries, in the other case it does not. But in proportion as we approach the less necessary wants, the difference in intensity diminishes, until finally, when we deal with large deductions from large incomes, there is virtually no difference in the intensity of the wants, because the amounts serve to satisfy wants for extreme luxuries, the loss of which will be of equally little importance. Therefore the rate of taxation should gradually increase up to a certain point, then decrease with the difference in the intensity of the wants, until finally, when the point is reached beyond which the wants are of equally little importance, the rate should be the same. In other words taxation should be progressive, but the rate of progression should itself gradually decrease. Equality of sacrifice therefore leads to degressively progressive taxation.

We come, now, to those writers who accept the conclusion, but desire a change in the premises. For instance, some, like the recent Austrian economist, Meyer, while approving progressive taxation, think that the premises prove a little too much. If the doctrine of equal sacrifice is to be inter-

[1] "L'impôt progressif, en dernière analyse, c'est le vautour déchirant ses propres entrailles." J. B. M. Jollivet, De l'Impôt Progressif, et du Morcellement des Patrimoines (1793), p. 96.

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preted as meaning that the intensity of the wants which remain unsatisfied because of the tax must be equal, then the tax would have to take from the large income the whole difference between it and the smaller income, as only thus could equality of sacrifice in the sense indicated be attained. But this, it is held, would be rank communism. These writers therefore propose to measure the equality of the sacrifice in a different way, — not by the intensity of the wants that remain unsatisfied because of the tax, but by the degree in which the tax increases the intensity of the last wants that are actually satisfied. The stress is laid upon the satisfied, not the unsatisfied wants.

This objection, however, is of very little weight, because it ascribes an arbitrary meaning to the word "equal." When economists speak of equal sacrifice, they mean relatively proportional sacrifice. When we speak of equality of taxation, we certainly do not mean that identically the same amount should be taken from each one; for that would involve the grossest inequality. Where we say that taxes should be equal, we mean that the burden should be proportional. Whether the proportion should be a strict numerical or a relative proportion, — that is, whether the rate should be the same or different, — depends on the answer we give to certain fundamental questions. It is perfectly conceivable, for instance, that a truer proportion might be found through a so-called progressive tax, than through what is commonly called a proportional tax. That was the view of Robespierre and of the French Convention when it decreed progressive taxation in the following words:

> In order to attain a more exact proportion in the division of public burdens which every citizen should support according to his faculties, a graduated and progressive tax shall be established on luxury and property, real as well as personal.[1]

So in the same way, when we say that the sacrifice should be equal, we mean with John Stuart Mill that "each person shall

[1] Loi du 18 Mars, 1793. In Hélie, Les Constitutions de la France (1880), p. 359.

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feel neither more nor less inconvenience from his share of the payment than every other person experiences from his." "Equal" sacrifice is thus merely a rough way of expressing the idea of "proportional" sacrifice. In assuming that equal sacrifice necessarily implies that "the intensity of the wants that remain unsatisfied because of the tax" must be equal, these objectors really confound equal sacrifice with arithmetical equality. All that is implied in the doctrine of equal sacrifice is that the pressure must be relatively proportional, not that it must be identically the same. It is the same mistake as to assume that equality of taxation means that every one — rich and poor — should pay precisely the same amount. The amount paid is identical or equal in one sense, and yet such taxation would be grossly unequal in the usual sense of the term "equal taxation." Equality as used of taxation does not mean sameness, but proportionality.

It makes no difference, therefore, whether we lay the stress on the satisfied or on the unsatisfied wants. The explanation is identical in either case. Granting the gradation in human wants, a tax which takes away the possibility of satisfying some wants, changes the intensity of the last want actually satisfied, just as it in the same way changes the intensity of the next urgent want that remains unsatisfied. We are simply looking at the same fact from two different standpoints. The theory is not altered a whit. If the imposition of a tax makes me abandon my outlay for amusements, in order to be able to purchase clothing, the intensity of my last want actually satisfied is increased (because the desire for clothing is more pressing than that for amusements), but the intensity of my next urgent want that remains unsatisfied is equally increased (because I now can not afford amusements, while formerly I could afford amusements but could perhaps not afford more expensive enjoyments).

This then is the theory of progressive taxation resting on equality of sacrifice. A number of recent Dutch writers, who had already in the seventies accepted the final utility theory of Jevons, applied this theory to the doctrine of progressive

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taxation just discussed. According to that more modern nomenclature the theory might be put as follows :

Every satisfaction of human wants implies the existence of utility in the commodity which provides this satisfaction. The value of all commodities depends upon their final utility, *i. e.*, upon the serviceableness of the last usable portion to satisfy some particular wants. Since the intensity of our wants and therefore their final utility decreases as we ascend from the lower or more pressing to the higher or less urgent wants, and since larger incomes supply the means of satisfying these less intense wants, a strictly proportional tax would involve smaller sacrifices in the case of the larger incomes. Strict equality of sacrifice in the sense of relatively proportional diminution of burden thus involves progressive taxation. But it is a well established fact that the number of wants increases as their intensity diminishes. The urgent wants of existence are very pressing indeed, but limited in number ; the less urgent wants continually increase in number and variety with wealth and civilization. After a certain point, therefore, the differences between the intensity (and final utility) of wants diminishes with the increase of their number and area, until finally, when we come to the very large incomes, the possibility of satisfying almost all wants becomes equal. Hence while taxation should be progressive, the rate of progression should itself diminish until finally the tax becomes proportional.

The necessity of progressive taxation resting on this gradual decrease of final utility of wants was worked out arithmetically by some of the Dutch authors in a series of complicated tables, which I pass over in this place. The proof, however, seemed to be absolutely complete. The logical necessity of progressive taxation, as an outcome of the equal sacrifice theory or the final utility theory, seemed to be put on absolutely secure mathematical foundations. But it was reserved for another Dutch writer to use the same mathematical arguments in the overthrow of these conclusions. In a very recent work, which there is no space to discuss here, Cohen Stuart ingeniously demonstrates that the whole elaborate system of

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computation is erroneous, and that progressive taxation is not a logically necessary conclusion from the assumed premises. According as we choose our figures we can prove the possibility of progressive, of proportional or of regressive taxation. From the equality-of-sacrifice doctrine of itself, we cannot deduce any mathematically exact scale of taxation, whether progressive or otherwise.

This brings us to the very core of the objection to the equal sacrifice theory, regarded as determining the paramount consideration in the construction of any definite rate of progression. The imposition of equal sacrifices on all taxpayers must always remain an ideal impossible of actual realization. Sacrifice denotes something psychical, something psychological. A tax takes away commodities, which are material, tangible. To ascertain the exact relations between something psychical and something material, is impossible. No calculus of pains and pleasures can suffice; no attempt to reduce the heterogeneous to the homogeneous can ever succeed. But even assuming that this could be done, the case for the advocates of equal sacrifice would not be much better. The sacrifice occasioned by a tax is only one factor in the problem, and may be a minor factor. Two men may have the same income, which they may value at very different rates. The one may be a bachelor, the other a man with a large family dependent on him; the one may be well, the other ill; the one may have simple tastes, the other extravagant tastes; the one may be a miser, the other a spendthrift; the one may earn his income, the other may receive it as a gift; the one may spend his income in a village where prices are low, the other may be compelled to spend it in a metropolis where prices are high. The variations in particular cases are numberless. It is utterly impossible to say whether the identical tax on people of identical income or property will produce the same relative pressure, *i.e.*, occasion an equal (proportional) sacrifice. And since sacrifice bears no definite relation to amount of commodities, it is quite conceivable that in individual cases a regressive tax may produce just as much or

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as little equality of sacrifice as a proportional or a progressive tax. The attempt to ascertain a mathematical scale of progression, so as to avoid a charge of arbitrariness, is foredoomed to failure. The equality-of-sacrifice theory, taken by itself, cannot lead to any fixed rate of taxation, whether proportional or graduated.

A supposed way out of the difficulty has recently been outlined. One of the leaders of the Austrian school of pure economics, Professor Sax, has boldly maintained that taxation has nothing at all to do with equal sacrifice, and that progressive taxation may be upheld on what he calls purely economic grounds, apart from questions of justice or ethics. This theory is deemed by its author so important and conclusive that it deserves a slightly fuller discussion.[1]

Sax bases his diffusely expressed, but acutely reasoned, exposition on the assertion that the problems of taxation have nothing to do with ethical, but only with purely economic considerations; and that therefore the ideas of justice and of equal sacrifice are entirely irrelevant. He classifies all human wants as individual and collectivistic. Every person has wants that attach to him simply as an individual; but he also has wants that arise from association with other men. It is with these collectivistic or social wants that the science of finance has to deal. The state is not the only form of organization which satisfies these collectivistic wants; for these may be satisfied in part by other forms of association. But the state alone can satisfy a large part of the collectivistic wants; and in order to make it possible for the state to satisfy these wants, the individual must support the state. This is the basis of taxation.

The problem of taxation is: How much of a man's stock of goods shall he devote to these collectivistic wants? This must depend, says Sax, on the final utility of the goods taken from the individual. That is to say, our wants vary in intensity, ranging from the most pressing — those of absolute neces-

[1] It will be found in his Grundlegung der Theoretischen Staatswirthschaft, (1887), esp. §§ 81, 82; and is repeated in his essay "Die Progressivsteuer," in the first number of the Austrian *Zeitschrift für Volkswirthschaft, Socialpolitik und Verwaltung*, 1892.

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saries of life — through several grades until we reach pure luxuries. The higher we go in the stock of goods at our disposal, the greater, up to a certain point, the decrease in the intensity of our wants. The value of any particular quantity of goods is therefore fixed by its final utility, that is, by the serviceableness of the last usable portion to satisfy some particular wants. Now the problem of equal taxation is, to take away from individuals such quantities of goods that each individual will value the amount taken from him just as highly as his neighbor will value the amount taken from him. In other words, the final utility of the commodities taken must be the same in every case. This he calls the economic principle of equivalence. But as we have seen that the final utility varies inversely as the amount, the final utility of the commodities taken from two unequally wealthy individuals can be equal only when we take, not relatively the same, but a relatively larger proportion from the wealthier individual. If we took the same proportion from two unequal stocks of goods, A and B, the final utility of the amount taken from the smaller stock A would be far greater than the final utility taken from the larger stock B. In order to make the final utility equal we must take a larger proportion from B than from A. In other words we must have progressive taxation up to a certain point. "Equality of values taken," not "equality of sacrifice," is the purely economic basis of taxation.[1]

[1] Professor James, in his review of Sax's book in the POLITICAL SCIENCE QUARTERLY, V, 168 (March, 1890), gives an unintentionally erroneous account of Sax's meaning. James says: "The state may, therefore, for a given service take very different sums from different private economies, because the final utility of the service varies with the amount of goods." Sax does not mean this. If individuals were to pay taxes in accordance with the final utility of the service, we would practically be going back to the give-and-take theory of taxation, which Sax expressly disclaims. It is not the final utility of the state service, but the final utility of the commodities taken away in the shape of taxes, which Sax emphasizes. The final utility, or value, of the state services has nothing to do with the question. It is the final utilities of the commodities that the individual pays to the state which must be equal, and it is because the final utility of these varies inversely as the whole stock of goods that Sax demands progressive taxation. We must be careful not to confuse the two notions, as does Professor James. Sax himself protests against a similar confusion of which an Austrian economist is guilty. *Cf.* Die Progressivsteuer, 91, note.

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Although Sax heralds this as a great discovery, we may be pardoned for believing that it contains absolutely nothing new that is of any value for the purposes of the theory of progressive taxation. In the first place the doctrine of the gradation of wants had long since been elaborated by the Austrian economists; the final utility theory of Jevons had been applied to the problems of taxation by the Dutch economists; and lastly, the formulation of the whole doctrine had been developed by Meyer without any suspicion on his own part that he had thereby made any specially new discovery. Now the only difference between the equal sacrifice or final utility theory of his predecessors and the "equivalence" theory of Sax is a mere difference of words. The equal sacrifice theory says that the tax must take away such amounts that the resulting pressure or the sacrifice of enjoyments may be relatively proportional; the "equivalence" theory says that taxation must take away relatively proportional amounts. But the taking away or giving up of anything involves a pressure or a sacrifice, whether the sacrifice be voluntary or compulsory. Hence "equality of values taken" implies an "equality of sacrifice" to the individual.

In fact a "purely economic" theory of taxation is as impossible as a "purely economic" theory of value, if "pure economics" must make abstraction of psychological and therefore of ethical considerations. As soon as we introduce the conception of human wants and the means of satisfying these wants, we are dealing with questions of sacrifice of enjoyments. Equality of taxation therefore connotes an ethical problem, in the same sense that the general law of value and price connotes an ethical problem. The mediaeval theory of *justum pretium*, with its modern successors in the theories of fair wages, of reasonable railway and other corporation charges, shows how indissolubly are bound up the problems of ethics and economics. The problems of taxation are of no different kind. And the situation is not altered a whit by regarding taxes as the satisfaction of collectivistic wants. If I have to spend money to support my relatives, it is no less a sacrifice because these

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duties may be regarded as the satisfaction of individualistic wants, *i.e.* wants which primarily affect me in the individual relations of my family. All the more must the compulsory subtraction from my wealth by a tax be declared a sacrifice, even though it be regarded as the voluntary satisfaction of collectivistic wants. Hence whether we call it the purely economic theory or the ethical theory of public finance, is immaterial. The "equivalence" theory of taxation is simply another way of putting the final utility or equal sacrifice theory. They do not oppose each other, they do not even supplement each other; correctly understood they are simply two explanations of the same thing in slightly different words. It is impossible to take away relatively proportional values without inflicting relatively proportional sacrifices.

So far has the modern theory of progressive taxation gone. But if, as we have seen, the equality-of-sacrifice theory taken by itself cannot lead to any fixed rate of progression, must we then range ourselves with those who maintain that progressive taxation is illogical and unjust, and that there are no substantial arguments in its favor, while the opposing arguments are numerous and convincing? Is progressive taxation economically justifiable or not? Is it theoretically sound and practically expedient?

IV.

And first, must we abandon progressive taxation in theory? It seems to me not, and for the following reasons.

We must revert to the fundamental conception of faculty or ability, which is after all the best standard we have of the measure of general obligation to pay taxes. What does the faculty theory in its wisest interpretation teach us in the matter?

President Walker's definition of faculty is well known.[1] Faculty, he says, is "the native or acquired power of production." But if we analyze faculty more closely, in the sense

[1] *Cf.* his article, "The Bases of Taxation," in the POLITICAL SCIENCE QUARTERLY, III, 14 (March, 1888).

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in which we instinctively use the word in tax matters, we see that it means something more than that. It not only implies native or acquired power of production, but includes also at least the opportunity of putting these powers to use, the manner in which the powers are actually employed and the results of their use as measured by periodical or permanent accretion to the producer's possessions. We have seen how the original idea was that represented by President Walker, but how this was soon supplanted by the more real and practicable tests, first of property (or permanent accretion), then of income (or periodical accretion). But, furthermore, faculty connotes an additional conception. It means not only powers of production or results of powers of production, but also the capacity to make use of these powers or these results — the capacity, in other words, for enjoying the results of the exertions. It is this latter conception which has been developed by recent writers, although they have carried it to an extreme just as excessive as that represented by the advocates of the earlier theories. The elements of faculty, then, are two-fold, (1) those connected with acquisition or production, (2) those connected with outlay or consumption. What is the application to the matter in hand?

If we regard only the first set of elements, it is evident that the possession of large fortunes or large incomes in itself affords the possessor a decided advantage in augmenting his possessions. The facility of increasing production often grows in more than arithmetical proportion. A rich man may be said to be subject in some sense to the law of increasing returns. The more he has, the easier it is for him to acquire still more. The initial disadvantages have been overcome. This was early pointed out by Adam Smith when he said:

> A great stock, though with small profits, generally increases faster than a small stock with great profits. Money, says the proverb, makes money. When you have got a little, it is often easy to get more. The great difficulty is to get that little.

When the native power of production remains as before, the "acquired power" has greatly augmented. Hence from this

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point of view faculty may be said to increase faster than fortune or income. And this element of taxable capacity would not illogically result in a more than proportional rate of taxation.

On the other hand, the elements of faculty which are connected with outlay or consumption bring us right back again to the sacrifice theory. While the idea of faculty includes that of sacrifice, the two ideas are not coextensive. Faculty is the larger, sacrifice the smaller conception. Faculty includes two sets of considerations, sacrifice only one. Now, while the sacrifice theory in itself, as we have seen, is not sufficient to make us demand any fixed scale of progression, its influence in the other direction is certainly not strong enough to countervail the productive elements of faculty, which seem to imply progressive taxation. In fact, we may go further and say that the sacrifice theory, or the consumption element in faculty, can certainly not be used as an argument necessarily leading to proportional taxation. If it does not lead necessarily to any definite scale of progression, much less can it lead necessarily to a fixed proportional taxation. But if we never can reach an ideal, there is no good reason why we should not strive to get as close to it as possible. Equality of sacrifice, indeed, we can never attain absolutely or exactly, because of the diversity of individual wants and desires; but it is nevertheless most probable that in the majority of normal and typical cases, we shall be getting closer to the desired equality by some departure from proportional taxation. In certain individual cases even regressive taxation might accomplish the result best, in other individual cases proportional taxation would be the most serviceable. But if we take a general view, and treat of the average man, — and the state can deal only with classes, that is, with average men, — it seems probable that on the whole less injustice will be done by adopting some form of progression than by accepting the universal rule of proportion. A strictly proportional rate will make no allowance for the exemption of the minimum of subsistence. It will be a heavier burden on the typical average poor man than on the typical average rich man. It

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will probably be more severely felt, relatively speaking, by the average man who has only a small surplus above socially necessary expenses, than by the average man who has a proportionally larger surplus. It will, in short, be apt in normal cases to curtail disproportionately the enjoyments of different social classes.

Hence if we base our doctrine of the equities of taxation on the theory of faculty, both the production and the consumption sides of the theory seem to point to progressive taxation as at all events neither more illogical nor more unjust than proportional taxation. It may indeed be frankly confessed that the theory of faculty cannot point to any definite rate of progression as the ideally just rate. To that extent there seems to be truth in Mill's contention that progressive taxation cannot give that "degree of certainty" on which a legislator should act; as well as in McCulloch's assertion that when we abandon proportion we are "at sea without rudder or compass." It is true that proportion is in one sense certain and progression is uncertain. But their argument proves too much. An uncertain rate, if it be in the general direction of justice, is nevertheless preferable to a rate which, like that of proportion, may be more certain but less equitable. Half a loaf is better than no bread. Stability is assuredly a good thing; but it is highly questionable whether a stability which is necessarily unjust is preferable to an instability that works in the general direction of what is recognized as justice. All governmental actions which have to do with money relations of classes are necessarily more or less arbitrary. The fines imposed by the courts, the fixing of the rates of import duties or excise taxes are always to a certain extent inexact. And in truth, a strict proportional tax, if we accept the point of view mentioned above, is really more arbitrary, in respect to the individual taxpayers, than a moderately progressive tax. The ostensible certainty involves a really greater arbitrariness.

So also the other arguments often advanced against progression seem to be in some measure destitute of foundation. The common objection that progression is confiscation, because

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it must finally end by swallowing up the whole capital, may be completely obviated, as we have seen, by making the rate of progression itself degressive; so that it would become impossible to reach one hundred per cent or any like percentage of large fortunes.

The objection that it is a fine put on industry and saving is really not applicable to progressive taxation as such, but rather to the whole system of taxation on property or income. The logical conclusion from this would be the demand for taxation only on expense; and even that would be to a certain extent a tax on industry. But it is hard to see why industry and saving should not be taxed, if it increases our capacity to pay taxes; and it is still harder to see how we can avoid taxing industry. Furthermore, it is a mistake to assume that larger fortunes are always the result of individual saving. The argument, in short, is not an argument against progression, but against taxation in general. If a moderately progressive tax is really more equitable than a strictly proportional tax, progression will be less of a fine on thrift and industry than proportion would be.

It is possible, therefore, to draw only this very vague conclusion as to the general legitimacy of the principle of progressive taxation. The practical application of the principle depends on a series of important considerations.

In the first place we are confronted by the question of incidence. If the theory of general diffusion of taxation be sound, then it is immaterial whether we levy a proportional or a progressive tax. For since the tax would ultimately be shifted to the consumer, the taxpayer would not be injured, while the consumer would bear the tax only in proportion to what he consumed. It is a singular fact that this illogical procedure of the diffusion theory has always been overlooked. For the most heated opponents of progressive taxation have been, like Thiers, advocates of the diffusion theory of taxation, without perceiving the absurdity of their position. The diffusion theory of taxation, however, we know to be entirely unsound.[1] Nevertheless,

[1] See my monograph on The Shifting and Incidence of Taxation. American Economic Association Publications, vol. vii, nos. 2 and 3.

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so far as taxes really are shifted at all from the taxpayer, the problem of progression loses its importance. For if taxes are actually shifted, the rate in the first instance is of no essential consequence. It is only in so far as we assume that so-called direct taxes remain where they are put, that the considerations of faculty or ability are of any weight. How far this assumption is true, has been investigated in another place. For the purpose of the theoretical discussion it may be taken for granted that the problem of progression *versus* proportion must be treated on the hypothesis that the assumption is true. But when we come to construct a progressive rate in practice, we must be careful to ascertain how far the assumption conforms to reality. A progressive rate of taxation which does not reach individual faculty at all, is as unnecessary as it is illogical.

Secondly, the defence of progression rests on the theory that it is applicable to general taxation taken as a whole. It rests on the assumption that taxes are paid out of revenue, and that the whole system is framed with this end in view. But it is obviously an immensely difficult task to shape a whole system of taxation so that the average general rate will be a moderately progressive one. Actual systems of taxation are of the most varied kinds. In some taxes it is impracticable to introduce a progressive scale, as they are by their very nature proportional; so *e. g.* tithes or poll taxes, — for a graduated poll tax is really not a poll tax at all, but a class tax. In other cases the taxes in actual life are even regressive; as *e.g.* many of the indirect taxes. It would be impossible thoroughly to carry out the principle of general progression, unless we had a single universal income tax or a single property tax. But no scientific writer to-day favors a single income tax or a single property tax or, for that matter, a single tax of any kind. Thus in advocating the system of progression we must have regard to the facts of the individual case and to the general sentiment of the community. In the United States, for instance, the general property tax in its practical operation is largely regressive, especially so far as personalty is concerned. The tax reformers have quite enough to occupy their attention in trying to make the

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rate really proportional, before bothering themselves with the further stage of progression. But it is all the more worthy of consideration whether new taxes that are being devised, such as the inheritance taxes or certain possible forms of indirect income taxes, may not properly be levied according to the progressive principle. It is more than likely that a number of moderate progressive taxes would after all still simply result in securing an average proportional rate for the whole system of taxation. And we have seen that some defenders of proportion in theory admit the legitimacy of certain progressive taxes as a compensation for other really regressive taxes. In practice, then, we may frequently demand progressive taxes without being at all so extreme or so "communistic" as many persons believe. But even then, of course, the practical danger that high rates of progression might augment fraud and contribute in part to the exodus of capital, is a consideration that must not be overlooked by the legislator.

Thirdly, the defence of progressive taxation rests on the assumption of faculty as the basis of taxation. Now while this assumption is good for taxation as a whole, for general state purposes, it is questionable whether the principle of benefits is not of some weight in problems of purely local and municipal finance. A discussion of the contest between these two principles and the limits of their relative applicability to different phases of public revenue would take us too far astray here. But, it may be said, it is coming more and more to be recognized that within the domain of the taxing power the principle of benefits should be followed to some extent in strictly local finance.[1] If this is true, the principle of progression will be of rather more limited application to some of the charges employed for the support of local government; for the theory of benefits, as we have seen, leads logically to proportion, not to progression. Thus the practical sphere of the applicability of the progressive principle would be even more circumscribed.

[1] For a discussion of these points see my article on "The Classification of Public Revenues," *Quarterly Journal of Economics*, April, 1893.

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If, therefore, we sum up the whole discussion, we see that while progressive taxation is to a certain extent defensible as an ideal and as the expression of the theoretical demand for the shaping of taxes to the test of individual faculty, it is a matter of considerable difficulty to decide how far, or in what manner, the principle ought to be actually carried out in practice.[1]

Theory itself cannot determine any definite scale of progression whatever. And while it is highly probable that the ends of justice would be more nearly subserved by some approximation to a progressive scale, considerations of expediency, as well as the uncertainty of the inter-relations between various parts of the entire tax system, should tend to render us extremely cautious in advocating any general application of the principle. In last resort the crucial point is the state of the social consciousness and the development of the feeling of civic obligation.

EDWIN R. A. SELIGMAN.

[1] For a fuller discussion of the practical limits of the application of the progressive principle, see my monograph on "Progressive Taxation." In this will be found the arguments which on the whole seem to oppose the introduction of the progressive principle in the case of the land and general property taxes, as well as in the corporation taxes, but which show its applicability to the inheritance tax, the various forms of indirect and direct income taxation and other taxes.

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STOCK EXCHANGE CLEARING HOUSES.

CLEARING HOUSES for stock-exchange transactions, like the earlier-established clearing houses for bank transactions, are an outgrowth first of the conveniences, and finally of the necessities of trade. Originally, all clearing houses have been voluntary and more or less limited associations, founded to economize for a few in labor or in risk. But a short experience has in every case led to the adoption of the system as a uniform rule of trade. Business has adapted itself invariably to the system, and in such a degree that a return to old methods would be as impossible as a return to primitive practices of barter. These facts have shown themselves of equal application in stock clearing houses and in bank clearing houses.

The one intent and purpose of the clearing system is to reduce, so far as may be possible, the necessity for the physical transfer of commodities or money, or of that which represents them. The organized system of bank clearings, which is little more than a century old, marks an advance over the old plan of bank exchanges quite analogous to that made when the use of bank checks by individuals was substituted for the practice of paying debts with bags of gold or silver. Before the days of bank-deposit checks, the canvas bag of coin, buried in the garden or hidden behind a loose brick in the chimney-piece, fairly represented the machinery of exchange between individuals. But on a larger scale, the machinery of exchange between banks, before the days of clearing houses, was of an almost identical character. A check drawn upon one bank and deposited in another, was in those days presented by the deposit bank's messenger at its fellow-institution, to be redeemed at once in coin or legal tenders. As the business conducted through bank checks grew larger, the inconvenience and risk of this system became more obvious. Not only were there the

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factors of delay and possible loss, but the requirements of money to be kept on hand or in transit under the old plan grew so extensive as to be in themselves an element of danger. In time of panic, the system became absolutely hopeless. Actual money which was needed in assured centres, where it could be readily accessible, would on such occasions be on its way back and forth throughout the city. A bank would be sending out hundreds of thousands in specie and notes at the very moment when similar amounts were on the way to it from the very institutions to which its messengers were destined. The whole system was primitive and clumsy, and the establishment of the bank clearing system in London in 1775 was at once recognized as the solution of a grave problem.

In the market for international exchange, the use of the clearing system grew up naturally, and without the need of any formal association. Old-fashioned maritime commerce was of course very largely a matter of simple barter. A vessel sailing from London with a cargo of cotton and iron goods to sell in Portugal, would practically trade its cargo for an equivalent in wines, to be brought back to England. But exact barter being often impossible, for reasons of bulk and value, the necessity arose of paying differences in money. Originally this payment was made in actual gold or silver. Thus it happened that almost every vessel sailing between the chief commercial ports carried during part of its journey a load of specie. The question of insurance and risk being a serious matter in this ocean transit, banks on which bills of exchange could be drawn grew up in all the principal cities, almost *pari passu* with the development of modern commerce. Of this the natural result was to restrict specie shipments merely to the difference between bills drawn against and bills drawn in favor of a given port — in short, to strike the balance of the port's entire commerce. In other words, the clearing-house system arose in a highly perfected form, and London became by common consent the clearing house of the commercial world. Under this system the reduction in the amount of actual money exchanged between nations was almost as great as the reduction in the case of the bank

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exchanges. In the foreign commerce of the United States, for example, the combined exports and imports of merchandise, including silver, during the fiscal year 1891–92, aggregated $1,900,000,000. The movement of securities and the transfer of credits, could it be reported, would greatly increase even this enormous total. Yet the actual exchange of gold, imported and exported, between the United States and foreign nations during this same period, was less than $100,000,000. The average of our annual gold shipments and receipts has been far below this figure. Actual money exchanges in our own foreign commerce, therefore, are brought down by the clearing system to five per cent of the reported trade transactions, and probably in fact to a far lower percentage. It is perhaps interesting to note that in New York City the bank clearing system has reduced cash payments between banks in almost exactly the same degree, the average daily percentage of clearing-house balances to total exchanges ruling between four and five per cent.

The great pressure of business on a large stock exchange, within a strictly defined limit of time, made necessary the contrivance of a very careful and accurate system, quite outside the machinery of a stock clearing house. It will be well, before discussing the plans for stock clearings, to observe the advantages and disadvantages of this original system. The method of settling balances on the New York Stock Exchange, prior to the adoption of the stock-exchange clearing house, was the best illustration of the old plan. Under the rules of the exchange, purchases and sales are to be settled for on the next business day. The messenger of the broker through whom the sale was made, having delivered the securities contracted for, received in payment and returned to his own employers the check of the purchasing broker. If a broker had purchased from a fellow-member of the exchange a hundred shares of New York Central stock at 110, the messenger of the seller was bound, at some time prior to 2.15 P.M. on the ensuing day, to present these hundred shares at the delivery window in the office of the purchaser, and for this he would

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receive a check for $11,000. As the daily sales on the stock exchange vary from 100,000 shares to nearly a million, it is clear that an enormous amount of daily check exchanges are necessitated. Supposing 400,000 shares to be the daily average of sales, and 60 to be the average price of all the stocks sold, the checks paid out every day for stocks alone would amount to $24,000,000. The average daily sales of bonds would increase this total by two or three million dollars.

Now the flaw in this plan is easily detected. While it is true that through the system of bank clearings there is avoided the transfer of enormous amounts of coin and legal-tender notes, the difficulty thus escaped by the bankers was transferred in a measure to the brokers. Here was a cumbrous machinery of exchange, by which it was continually necessary for a broker to have subject to his order very large deposit balances in bank. It did not of course follow that the broker must have his own money thus prepared for use. If he had bought, for himself or for a customer, a thousand shares of New York Central at the price above named, it was not essential that he should possess independently $110,000 of idle money. On the contrary, the stock exchange's machinery was and is carefully adjusted so as to admit of his borrowing this amount on the pledge of the very stocks purchased. In the so-called "loan crowd" of the exchange, the broker, now "long" of 1000 New York Central, could offer to lend his stocks, borrowing the $110,000 against them from other brokers "short" of the stock, or from banks or individual lenders. Nevertheless, it is clear that the demands of a day when there were $26,000,000 in security sales must involve somewhere the actual holding, subject to the demands of the daily loan market, of $26,000,000 in bank deposits.

In times of quiet business, the only disadvantage in all this was the clumsy mechanism of transfer. But a time of panic altered the outlook materially. When call money was bid up to an exorbitant rate, or refused on certain classes of collateral, or, worst of all, when the money market was "cornered," as happened accidentally in 1887 and through deliberate pur-

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pose at other times, the "shifting" of loans, on such an expanded basis, became a very serious problem. On the day of the famous "flurry" in Manhattan Elevated stock, July 15, 1887, when the losses of one financier in the grain market were made good by the calling in of stock-exchange loans outstanding to the credit of another financier, the market rate for loans on all classes of security went up to three-eighths of one per cent a day. There were brokers active in the market whose purchases of stock that day amounted to, say $600,000, and whose sales amounted to $400,000. Under the then existing system, checks to the amount of a million dollars passed through the hands of such a broker, and the total of payments represented substantially a million dollars obtained by one party or the other in the loan market. The structure of outstanding loans having, for causes both unusual and unexpected, suffered violent disturbance, a very large percentage of these million dollars in loans, arising from the trades of a single broker, had to be renewed in the midst of a chaotic money market. Now it was obvious that whatever had been this broker's money transfers in fact, in theory he had only paid out a balance of $200,000. If it had been possible to strike off a balance sheet of his transactions for the day, the settlement would have involved his payment of that amount and that only. If, for example, all of his million dollars' worth of purchases and sales had been transacted with one other broker, the day's business might readily have been settled by the simple payment of a single check for $200,000. It is the fundamental purpose of the New York Stock Exchange Clearing House to strike such balances for every exchange member, precisely as if his dealings had been with a single other member. In one shape or another, this has been the intent of the stock clearing-house system, in all its various forms and applications.

The system of clearing houses for stocks is not new. It was adopted in the New York Stock Exchange only in the early months of 1892, but it has been in existence elsewhere for at least twenty-five years. The earlier arrangements for this purpose, however, by no means did away with all the

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difficulties above described. Ordinarily, in the first experiments, they took the form of the so-called "ringing out" of contracts in the same security. By this plan, if A had sold B a given amount of one security, and if B had presently sold the same amount to C, the series of trades could be personally adjusted between the three traders, so that the only actual exchange required would be the transfer of the securities from A to C. Of course the number of traders in the series might be extended indefinitely; for the system did not require that the prices at which the trades were made should have been uniform. B may owe to A a thousand dollars for the first purchase of the block of stock, and C may owe to B twelve hundred for the second purchase, by reason of an advance in the price between sales. But this two hundred dollars difference would not affect the "ringing out" of the contracts. Money balances would still be settled individually between the contracting brokers; the unofficial clearing system would merely avoid the necessity of frequent transfers. In substance, this is the system used by the New York and other produce exchanges for the clearing of grain transactions; but it has been improved upon in practically all the prominent stock exchanges.

The improvement, however, has been chiefly in the line of extending the principle so as to apply to the whole membership of a stock exchange, and this has necessitated the establishment of regular clearing houses for stocks. The first official establishment of this kind in Europe was founded at the *Handelskammer* of Frankfort in May, 1867, principally for the purpose of dealing in government securities, United States bonds in particular. A brief experiment here showed that a "settlement" involving the exchange on brokers' books of $250,000,000 in securities could be carried out by the actual delivery of not more than $5,000,000. The Berlin exchange adopted the system in 1869, Hamburg in 1870, Vienna in 1873 and London in 1876. The Paris Bourse, owing to its peculiar system of limitation on exchange membership, has never established a regular clearing house for stocks; but the same

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ends are attained by a voluntary comparison of accounts by brokers' representatives, similar in its general workings to the system of bank clearings.

It should be noticed, as the principal feature of the European stock clearing houses, that their purpose is to deal with exchanges, not of money, but of securities. Their work is made up solely of a comparison of contracts to receive and to deliver securities between the brokers concerned. The principle is thus merely an extension of the "ringing-out" plan already described. In London and in most of the continental cities, the scope of the clearing is made broader through the system of a fortnightly settlement of stock-exchange accounts. In the course of two weeks, it will naturally follow that one broker will have contracted on different days to buy and to sell, in considerable quantities, the same security. Supposing him in that period to have contracted for the purchase of half a million in consols, and to have entered on contracts for the sale of an exactly equal amount, his clearing-house accounts will balance, and he will not be obliged to make or to receive any deliveries whatever. The series of transactions may have brought him or his customers a handsome profit, or they may have involved a heavy loss; of this the clearing house can take no notice. Following the plan adopted in all stock clearing houses, the several securities are entered on the books at an arbitrary and uniform clearing price, and on this basis the accounts are squared. The London brokers do indeed undertake to clear their money exchanges outside of the clearing house, but the system is of less general application, and is not practiced by all the exchange membership. The Vienna exchange clears its stocks every second day, instead of every fortnight, but its methods are identical with the others.

The system of clearing brokers' accounts both for securities and for money seems to have taken root nowhere but in our own country. Curiously enough, the principle of clearings for brokers' money transactions actually preceded in its application, by several years, the establishment of regular stock clearing houses. But it was not applied to trading in securities. The

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rise of the enormous speculation in gold, during the later years of our Civil War, was the occasion for this undertaking. The members of the New York City Gold Exchange early discovered the advantages attainable under such a system; and indeed, its simplicity in the case of an institution where only one commodity was traded in gave particular grounds for recommending it. But along with many of the proper methods of the clearing system, a very pernicious principle was adopted. Brokers were required to make actual deliveries of gold or currency at the clearing house, and could not discharge their mutual obligations or even regain possession of their property until the clearing-house accounts had been tallied and the actual amounts payable or receivable by the various brokers had been ascertained. As the process of balancing the books might be delayed by pressure of work or by clerical errors, the danger of this practice in time of excitement ought to have been manifest. The gold clearing house was, in a secondary capacity, responsible for much of the panic and distress of "Black Friday," and this solely because, so long as the gold and currency were out of the possession of their owners, doubt and uncertainty prevailed regarding every maturing contract. But the gold clearing house, like the institution from whose business it sprang, passed away with the resumption of specie payments and the rise of currency to par.

It was in the Consolidated Stock and Petroleum Exchange of this city that a system of clearing both stocks and money for a board of brokers was first put into successful operation. The Philadelphia Stock Exchange had taken some steps in the same direction, but the arrangements were somewhat crude. The Consolidated Exchange introduced its system in June, 1886, and it is this system which in most of its arrangements has since been adopted by the New York Stock Exchange. The clearing-house arrangements of the Consolidated Exchange provide for delivery of stocks once a week — on Mondays — the result of which is that the average trade is made on three days' time. This, it will be seen, differs from the plan later adopted by the larger exchange,

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which clears stocks daily. The difference arises mainly from the varying rules of the two exchanges prior to the introduction of the clearing house. Money balances, however, are settled daily, and there is still a considerable difference of opinion on the question of the daily clearing of stocks. The merits of this controversy need not here be discussed, except to say that the weekly system lends some ease to the carrying forward of arrangements by which money is borrowed to buy and hold stocks, while it might conceivably have the disadvantage, in a time of panic, of making impossible an immediate closing up of accounts to prevent trouble from the failure of a fellow-broker. This objection, however, does not hold under the rules of exchanges now using the system, where accounts of bankrupt brokers are closed out immediately for cash.

Several attempts were made, without success, to graft the stock clearing-house system upon the New York Stock Exchange, before the present clearing house was established. It was the apathy among the members of the exchange which chiefly stood in the way of these undertakings. Finally, a committee was appointed to investigate the problem in all its phases, and a report was submitted in March, 1892. The discussion continued to excite a rather languid interest among brokers, but the co-operation of the governing committee was secured and the plan was formally proposed by them to the exchange. It is a law of the New York exchange that a constitutional amendment submitted by the governing committee becomes a law unless vetoed by a majority vote of the exchange. Under this provision, the existing apathy helped in the ratification of the plan. The opponents of the clearing house mustered only 244 votes out of the 1100 members entitled to a voice. Therefore, although the plan was not called for even by an actual majority vote of the exchange, it became a law. The voting ended April 20, 1892, and the plan was put into formal operation on Monday, May 16. At the start, the clearing house was used on the basis of formal membership by only 340 brokers, and but four stocks were subjected to its operations.

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At the close of 1892, there were 427 brokers in the clearing-house membership — embracing practically all the active operators — and at the present date twenty-one stocks are cleared daily.

This clearing house is managed by a committee of five stock-exchange members, appointed by the governing committee of the exchange. Under their direction a manager was appointed, and a room was engaged a short distance from the stock-exchange. Members of the exchange having an office near the exchange and a proper clerical force, are admitted to clear in their own names, and members not possessing such facilities may use the clearing house on the written engagement of a fellow-member, with office and clerks, to handle exchanges for them. To meet the expenses of the clearing house, a charge of two and one-half cents is imposed on every hundred shares of stock, including balances, and without regard to par value. The broker who undertakes to use the clearing house is provided with "clearing sheets," tickets and drafts, for use as stipulated in the rules. Before 4.15 P.M. on all full business days, and before 1.15 P.M. on the Saturday half-holiday, the seller of stocks sends to the office of the buyer his "deliver ticket"; this being evidence that the transaction is duly entered on his books. The buyer at the same time sends to the seller's office his "receive ticket." This exchange of tickets suffices for purposes of comparison, and the tickets, sent at the proper time to the clearing house along with the brokers' sheets, serve to keep track of the transactions at headquarters.

A longer time is allowed to brokers for the preparation of their sheet of the day's transactions. These sheets must be delivered at the clearing house before 7 P.M. on Mondays, Tuesdays, Wednesdays and Thursdays, and before 4 P.M. on Saturdays. On Saturdays, however, there is no formal clearing; but Friday's transactions are compared by exchange of tickets on Friday afternoon and entered on Monday's sheet The clearing-house sheet of a broker comprises the record, made up into "receive" and "deliver" columns, of all his transactions for the day. As this sheet will ordinarily include trades in a

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considerable number of securities, the transactions in each separate security are to be grouped together. All transactions having been entered in one or the other column, the balance is struck. If the sheet as drawn up by the clearing house shows a debit balance, the difference is entered as "Balance cheque," and the sheet presented at the clearing house must be accompanied by a check for the balance on a clearing-house association bank near Wall Street, drawn to the order of the stock exchange clearing house's own bank. If on the other hand the sheet shows a credit balance, it must have with it a draft on the clearing house's own bank for the amount of the difference.

Precisely here comes in the interesting mechanism of the money clearings. It does not by any means follow that the purchase, on one day, of securities greater in value than the amount sold, involves a debit balance on the clearing-house sheet, and the consequent requirement of a check to the order of the clearing-house bank. This depends chiefly upon the question whether the broker is "odd" or "even" in his transactions in stocks of one kind. Let us suppose, first, a sheet in which the broker was "even."

RECEIVED FROM			PR.	AMOUNT.	DELIVERED TO			PR.	AMOUNT.
A. B. C.,	100	St. Paul	80½	$8,050	A. Bros.,	600	St. Paul	79	$47,400
D. & Bros.,	500	"	80¼	40,125	A. & Co.,	300	Lk. Shore	134	40,200
A. Bros.,	100	Lk. Shore	135	13,500	C. & Son,	100	New Eng.	47½	4,750
B.C.& Co.,	200	"	135½	27,100					
K.N.& Co.,	100	New Eng.	48	4,800	Bal.Cheque				1,225
				$93,575					$93,575

It will be noticed in this table that the sheet shows transactions in every stock for an equal amount of shares on each side of the account. Of St. Paul 600 shares were bought, 600 sold. The transactions in Lake Shore and in New England balanced similarly. So far as concerns the amount of the several stocks coming into or passing out of his hands, the broker is therefore

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in exactly the same position at the close of the day's business as he was at its opening. Under the old system of stock-exchange transfers, it would have been necessary for him to have received 1000 shares of stock, and to have delivered 1000. Under the clearing-house plan, he neither receives nor delivers a share of stock. This is an obvious gain. But the prices at which he bought were not those at which he sold. At the contracted prices, his purchases demand payment of $93,575, while his sales entitle him to $92,350. Under the old system he would have been required for purposes of settlement to issue five checks and to receive three, and bank balances to the aggregate amount of $185,925 would have been drawn upon to settle the day's transactions. The clearing house makes possible the settlement of his whole day's trading in a single check for the small balance of $1,225.

But suppose that the amount of his transactions in each of the several stocks does not balance. The following sheet may serve as illustration :

Received from			Pr.	Amount.	Delivered to			Pr.	Amount.
A. B. C.	900	St. Paul	80	$72,000	B. & Bro.	500	St. Paul	80½	$40,250
M. & L.	100	"	80¼	8,075	G. & Son.	1000	No. West.	118	118,000
D. E. & F.	1000	No. West.	119	119,000	M. & O.	400	Mo. Pac.	59	23,600
S. Bros.	1000	New Eng.	48	48,000					
T. & W.	200	Mo. Pac.	58	11,600					
Bal. deliver					Bal. receive				
Delivery Pr.	200	Mo. Pac.	57	11,400	Delivery Pr.	500	St. Paul	80	40,000
Bal. draft.				775	"	1000	New Eng.	49	49,000
				270,850					270,850

In glancing over this sheet, it will be observed that the transactions in Northwestern stock comprised 1000 shares bought and 1000 shares sold. Under the clearing-house system, therefore, there will be neither receipts nor deliveries of this stock by the broker presenting the sheet. But with the other stocks traded in, the case is different. Of St. Paul stock, 1000 shares in all were bought and only 500 sold.

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There is left in this stock, therefore, after the clearing-house operations, a balance of 500 shares to be received. Similarly, in the case of New England stock, of which 1000 shares were bought and none sold, the broker must receive 1000 shares. In Missouri Pacific stock, on the other hand, 200 shares were bought against 400 sold; so that the broker concerned has left a balance of 200 Missouri Pacific to deliver. These balances are duly entered, as the specimen sheet indicates, on their respective sides of the account.

Two further points in the clearing-house arrangements must here be noticed. One is, that the brokers between whom given amounts of stock are to be actually exchanged are named arbitrarily by the clearing-house manager. Any broker having 500 shares of St. Paul to deliver may be directed to deliver it to the broker presenting the above sheet. He may have had no personal transaction with the broker assigned to him; that is a matter of no concern. The clearing-house deals with exchanges, not with bargains — with balances, not with persons; and so long as the entire list of deliveries due is assigned in correct proportion to the items in the list of receipts due, the clearing-house books balance and every broker will have received the stock to which he is entitled.

The other point is, that in assigning balances of stock for receipt or delivery, the clearing-house authorities reckon the value by use of an arbitrary price. The custom is to take the even price nearest to the quotation of the day's last sale in the stock concerned, and these prices are made public immediately after the close of the exchange, and are sent out on the tape of the official "ticker." This "delivery price" is not necessarily, and, indeed, not usually, the actual price at which the sales were made. In the specimen sheet above, for example, the three actual transactions in St. Paul were made, respectively, at 80, 80¾ and 80½. The arbitrary "delivery price" was 80, which is not even an average price. This fact, however, can make no difference in the accuracy of the final result, because the amount of the clearing-house check or draft assigned to balance the sheet is larger or smaller according as the arbitrary clearing-house

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values for delivery vary from the actual values. A moment's study of the sheet will prove this. Suppose, for example, that all the transactions in St. Paul had been made at 80, both those in Northwestern at 119, that in New England at 48, and those in Missouri Pacific at 57, and that these figures had also been selected for the "delivery prices." It is clear that when the "deliver balance" of 200 Missouri Pacific, and the "receive balance" of 500 St. Paul and 1000 New England had been added to their respective sides of the account, the sheet would then have balanced, and that no draft would have been required. For the "receive" and "deliver" balances checks must, of course, pass between the brokers assigned for exchange of stocks, precisely as was done on a far larger scale under the old system. The "balance draft" or "balance cheque," as the case may be, merely offsets the natural discrepancy arising from the use of an arbitrary price in calculating the money value of stock balances.

This ingenious book-keeping device extends to the process of money-exchanges all the economical advantages earlier secured in the exchange of stocks. The shares bought and sold in this sheet do not offset one another, as they did in the preceding table, but the amount of deliveries made necessary by the recorded transactions is reduced from 5100 shares, under the old system, to 1700 shares under the new. The exchange of checks, meantime, is economized in similar measure. The old system would have required the issue of checks for $258,675, and the receipt of checks for $181,850 — a draft upon money balances amounting in all to $440,525. Under the system of clearings, checks for only $89,000 need be issued by this broker, and checks for only $12,175 received — a total of $101,175. Here is a saving of more than seventy-five per cent in the amount of money which a broker must be able to command for use in his day's settlements. Again assuming twenty-five million dollars to be a fair average of a day's total sales of securities, the immense saving to the money market through the operations of the clearing house will readily be understood. The clearing-house authorities have computed

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that the saving in certifications, or, in other words, in the drawing of checks, since the system went into operation has been no less than $5,000,000,000 — an average of $400,000,000 per month.

It remains only to consider several objections which were raised against the clearing-house plan at the time of its proposal in the New York Stock Exchange, and to see how far these objections have proved of force. The doubts which existed in the minds of brokers familiar only with the old gold clearing house have been dissipated. It has already been explained that the radical defect of that system — the actual entrusting of securities and money to the clearing-house authorities — is altogether avoided by the machinery of the present plan. A more serious objection was that of publicity, the brokers fearing that clearing-house clerks, seeing all the sheets of the day's business, would be able to get important information regarding transactions which the principals wished to keep secret. This fear has so far proved groundless. The broker does not "give up" the name of his customer on the sheet; hence all that can be known is how much any one broker is doing on either side of the account. But a stock exchange member on the floor has only to note down the bids and offers of a fellow-broker to arrive at exactly this information; hence it can hardly be said that the risk of publicity is increased by the intervention of a clearing house. As a matter of fact, no suspicion of the kind has ever yet rested on the institution.

There was also a legal objection, based on the theory that as the state law requires in all contracts "an intent to deliver," transactions merely cancelled from both sides of the general balance-sheet would fall outside the provision of the statute. A multitude of decisions, however, affecting both stock and grain exchanges, have defined the law as applicable to contracts where actual delivery is enforceable. This is plainly the case, under the stock exchange's own rules, with every bargain made on its floor. Whether or not, through the balance-sheet operations of the clearing house, the stocks contracted for are in

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the end delivered, it remains true that the contract was entered upon with "intent to deliver," and that the seller was at the time of contracting compelled to put himself in such position that deliveries could have been made.

It is interesting to observe that many brokers and clerks opposed the clearing-house system bitterly, even after its introduction, on the ground that it made their presence almost useless early in the day, and extended considerably the later hours of business. But this opposition has now almost wholly disappeared, the system's practical operation having shown that while it does necessitate later working hours than of old for clerks, it brings relief from a pressure of business that at times used to strain the facilities of an office almost beyond endurance. Scenes such as were witnessed in Wall Street in 1884 and 1887, when cashiers and clerks worked all night over the books, and when extra messengers for deliveries could hardly be had for money, are not likely to be witnessed again. The language used by the special committee in introducing the new rules is therefore in a fair way to receive unquestioned justification:

> If this exchange is to take its proper place in the future among the stock markets of the world, a system of doing business will be required which will stand the strain of a volume of business larger than any heretofore known.

ALEXANDER D. NOYES.

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RESPONSIBILITY FOR THE WAR OF SECESSION.

I.

THE repeal of the Missouri Compromise led up to a speculative dispute between President Buchanan and Senator Douglas, as to the time when the voters of a territory could decide whether or not slave labor should exist therein. The debate, as it went on, involved an inquiry into the condition of a slave taken by his master into a territory where there existed neither local law nor law of Congress regulating the relation of master and slave. Did the federal constitution accompany such master and slave into the territory, so as to prevent either Congress or the territorial legislature, or both combined, from sundering the tie? The dispute became acute when President Buchanan sent the Lecompton Constitution to Congress, and thereupon advised the admission of Kansas into the Union as a state. Douglas denied that the Lecompton Constitution had been approved by the voters of the territory and condemned Buchanan's conduct in transmitting it to the Senate. Then and there came a rift which disrupted the Democratic Party at Charleston, in 1860, and entailed the civil war, whereby were emancipated from slavery three millions of the African race. The rift was not closed either by the decision of Congress to send back to Kansas the Lecompton Constitution, or by the vote of Kansas in August, 1858, refusing to tolerate slave labor, or by the adoption of a free-labor constitution at Wyandotte in 1859, under which, some twelve months afterward, Kansas became decisively a free state.

The dispute between Buchanan and Douglas was academic, because, when the former was inaugurated president, Kansas was peaceful, and the territorial government, having been recognized by Congress, was in full sway. With the reins in a firm hand like that of Geary, an honest vote upon the critical question was secure, and the time had arrived for transforming the

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territory into a state. The exculpation of his own conduct made by ex-President Buchanan in 1865, to the effect that the supreme court had said that the voters of a territory could not, when acting through their legislature, interfere with the relation of master and slave, but could interfere only when acting through a convention assembled to frame a state constitution, was irrelevant as to Kansas, because the territorial condition was approaching its end.

Mr. Lincoln, with foresight and adroit purpose singularly unnoted by myth-making historians, effectively enlarged, by his debate with Douglas in 1858, the breach between the latter and Buchanan. Douglas intimated that the two troublesome and, as he dealt with them, fatal questions presented to him at the Freeport meeting were framed by concerted action of the partisans of Buchanan and of Lincoln. A local victory was won by Douglas in Illinois and he was by the legislature chosen to be senator, but when Congress re-assembled in the next December he was not re-elected to be chairman of the committee on territories. In the next month but one, and not long before the assembling of the National Democratic Convention at Charleston, a series of resolutions were presented to the Senate by Jefferson Davis, which, towards the end of May, and in the absence of Douglas by illness, were adopted by every Democratic vote excepting that of Senator Pugh of Ohio. Those resolutions explicitly condemned the contentions of Douglas respecting the power of Congress or a territorial legislature to annul or impair the right of a citizen to take slave property into a territory and there hold it. As a result of that theoretic dispute between Buchanan and Douglas, skilfully inflamed by Lincoln, and of that Senate vote, there were four presidential tickets in 1860, and Lincoln won with only 1,866,352 out of the 4,676,853 ballots cast.

The blow which severed Douglas from his long existing connexion with the territorial committee of the Senate was a painful one for him to bear. He had been sent by Illinois to the lower house of Congress in 1843. He had been chosen to the Senate in 1847, 1852 and again in 1858. He had been

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chairman of the House committee on territories during the twenty-ninth Congress. He had reported the joint resolution for the admission of Texas. He had proposed in the cases of Texas and Oregon, and carried in the case of Texas, the extension of the Missouri Compromise line (which he denounced in 1854 as unconstitutional) to the extreme western boundary of our then territorial possessions. He had been for eleven years chairman of the Senate committee on territories. He had reported bills to create territorial governments for Minnesota, Oregon, New Mexico, Utah, Washington, Nebraska and Kansas, and to admit Iowa, Wisconsin, California and Minnesota as states. He had been conspicuous in the legislation which completed the Compromise of 1850, on which, as a "finality," the Democratic party and its candidates stood in their successful presidential canvass of 1852.

II.

Undoubtedly the first link in that chain of cause and consequence on which at last hung the war of secession was the movement in 1854 for the repeal of the Missouri Compromise of 1820. The acquisition of Louisiana and Texas, the Mexican War, the cession of California, Utah and New Mexico, were precedent events, but not causal in the same sense.

On February 23, 1855, Douglas said in the Senate :

> The Nebraska Bill was not concocted in any conclave night or day. It was written by myself, at my own house, with no man present. Whatever odium there is attached to it, I assume.[1]

Certain modern historians endeavor to deprive Douglas of the sole paternity of the Missouri Compromise which he thus claimed in 1855. They intimate, explicitly or vaguely, as may happen to suit the color and shadows of their text, that President Pierce invented, or suggested, or with Douglas contrived, the plan of repeal which the Senate committee reported. The intimation is groundless.

At the time of the repeal of the Missouri Compromise, the Democratic Party held the executive departments of the federal

[1] Appendix to Congressional Globe, 2d session 33d Congress, p. 216.

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government, the supreme court and both houses of Congress. Its majority in the Senate was excessive. Whatever may have been the constitutional limitations of the power of Congress in regard to slave labor in the territories, it is not denied that the preparation and the organization of the forms of a territorial government are the business of Congress. It alone has the power "to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States." The president can approve or he can veto a bill passed for that purpose. If he thinks it necessary or expedient to organize a territorial government, he can commend the work to the immediate attention of Congress. President Pierce had made no suggestion to Congress concerning a territorial government for Nebraska or Kansas. The presumption therefore is that he did not interfere in the preparation of the enactment.

A bill to organize the territory subsequently known as Nebraska and Kansas had passed the House during the last days of President Fillmore's administration, but had been laid aside in the Senate on account of objections to a clause relating to the Indians and because the close of the session was near. That same bill was again presented to the Senate in December 1853, and was sent to the committee on territories, composed of Douglas of Illinois, Houston of Texas, Johnson of Arkansas, Jones of Iowa, Bell of Tennessee, and Everett of Massachusetts. The last two were Whigs and became candidates of the Constitutional-Union Party in the presidential canvass of 1860. On January 4, 1854, Douglas, as chairman of that committee, brought in a new bill and presented an elaborate report which distinctly refused to disturb the Compromise of 1850. The report urged reasons why the controversies should not be reopened which had produced the "fearful struggle" of that year. It identified and described those controversies, and especially referred to the constitutionality of the astronomical line of 1820 as one of them. It declared that the committee now adopted the course pursued on "that memorable occasion" of 1850, and therefore refrained from "affirming or repealing" the line of 36° 30′.

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Thus the matter stood till twelve days thereafter, when Dixon, a Whig senator from Kentucky, the immediate successor of Henry Clay, gave notice of his intention to move an amendment to the bill declaring that the law prescribing the Missouri line should not be so construed as to apply to any present territory, but that citizens should be at liberty to go into such territory with their slaves. As the alpenstock of a mountain climber in the highest Alps may start an avalanche which carries disaster and death into the quiet vale below, so that procedure by Dixon opened the way for national woes unnumbered. It has been said that Douglas immediately went to Dixon and privately remonstrated with him. On the next day, Sumner presented in the Senate a counter-amendment confirming the astronomical line of partition between slavery and freedom. The avalanche was moving!

There has been published as history a sensational description of what was said and done a day or two afterward while Dixon and Douglas were driving together in the environs of Washington. However true or false that story may be, Douglas did straightway move the Senate to recommit the bill, and it was recommitted on the understanding that a report should be made on the Monday next ensuing. On the Saturday before that Monday, the committee agreed on an amendment setting forth that the Missouri line of 1820 had been "superseded by the principles of the legislation of 1850," and was therefore "inoperative." It subsequently appeared that Douglas had privately remonstrated with Dixon against the amendment proposed by the latter because it "affirmatively legislated slavery into the territory"; but Dixon explained that he only proposed to put a slave owner wishing to go to Kansas with his slaves, in the condition in which he would be if the Missouri line did not exist, and he accepted the amendment proposed by the committee.

There is not yet any evidence that before the day of the Dixon amendment anybody contemplated a serious effort to destroy the partition line. The subsequent unwillingness of those in the Senate concerned therein to enact an explicit re-

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peal, indicates how delicate, critical and even dangerous they deemed the execution of the new plan. To declare that "principles" had "superseded" a positive enactment and so made it "inoperative," was on its face a queer form in which to put a declaration of repeal on the statute book. That plan was, on Sunday, January 22d, proposed by Douglas to President Pierce in behalf of the Senate committee. It was the first time the president had heard of it. He had given little, if any, attention to what the Senate committee had been doing in respect to organizing territorial governments. A President of the United States, especially when the office-seekers have encamped round about him, has little opportunity to supervise the doings of Congressional committees at the other end of Pennsylvania Avenue.

Mr. Pierce was at that time perfectly familiar with all the details, even the most minute, of the Texas annexation controversy and of the Compromise of 1850. His debate with John P. Hale in New Hampshire, eight or nine years before, over Texas — a debate as conspicuous then in New England as was that in Illinois, a few years later, between Lincoln and Douglas, — and the movement which he had led in New Hampshire to throw over the Democratic nominee for governor because the latter questioned the "finality" of the Congressional legislation of 1850, could not and did not leave Pierce in any doubt concerning the relation of the Wilmot Proviso, or the adjustment of 1850 (which had suppressed the proviso), to the enactment of 1820. He had vindicated the legislation of 1850 as a pacification, an accommodation, an arrangement by a compromise of conflicting sectional theories. He had upheld it, in his letter of acceptance of the Baltimore nomination, as a "finality." He had been chosen to be president on that issue. In his inaugural address he again referred to that reconciliation in 1850 of conflicting opinions respecting the rights of slave owners to go into new territories carrying slave property. He said:

> Notwithstanding differences of opinion and sentiment which then existed in respect to details and specific provisions, the acquiescence

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of distinguished citizens whose devotion to the Union can never be doubted has given renewed vigor to our institutions, and restored a sense of repose and security to the public mind.

And he added:

This repose is to suffer no shock during my official term, if I have power to prevent it.

Those opinions, purposes, ideas and sentiments had been distinctly approved by each member of the cabinet before his name had been sent to the Senate.

Many weeks before the inauguration of President Pierce, all the members of his cabinet excepting the postmaster-general had been invited to accept the places which they all retained throughout the term.[1] All who had been invited accepted save the secretary of war. He preferred to remain a planter and not again to enter public life, but the president-elect, after Davis had refused the War office, invited him to come to Washington for the inauguration, and he came, though owing to railway delays he did not arrive till the day after the ceremony. When they met, the president explained his purpose to put in the hands of Davis, who was pre-eminently fitted for the work, the surveys for the projected Pacific railways. What had been said by the president in his inaugural address in relation to the "finality" of the Compromise of 1850 was by Davis considered during the consultation, and it had his approval as Democratic duty and policy for the future. I have never seen or heard of a scintilla of competent evidence to indicate that while in the cabinet he encouraged, or tolerated, such a change as the historians depict. His own

[1] Mr. Rhodes (vol. I, p. 389), in order to embroider the fiction of "many councils" over a New York member of the cabinet to reconcile "Hards and Softs," says: "Pierce did not really decide who should be his secretary of state until he had actually been one day in office, for up to the morning of March 5th that portfolio had not been offered to Marcy." As a matter of fact, Marcy had previously journeyed (without a brass band and a staff of newspaper reporters) from Albany to Boston, had there met the president-elect by arrangement, and had accepted the State Department. He went soon after to the South and remained there till he came thence to the inauguration. The historian is blind to Marcy's grim fun in a teasing letter to Buchanan.

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appreciation of the character of the president, the ties of reciprocal fidelity, personal and official, which united them and which Davis has alluded to in his book, make it difficult for one to suspect that he ever conspired with Douglas, or with any one else, against what he knew to be the commitments of his chief. And besides, there was never any love lost between Davis and Douglas.

When Douglas came that Sunday and reported what had taken place in the Senate, the "sense of repose and security" had been assailed. The "shock" had come. The consenting thereto, the preparation therefor, in the Senate had been unsuspected by the president. In the first volume of his *Rise and Fall of the Confederate Government*, Davis says (p. 28) with perfect sincerity and truth: "This bill was not, as has been improperly asserted, a measure inspired by Mr. Pierce, or any member of his cabinet."[1] Whether or not

[1] At this point it is edifying to glance at what the historians have written. Von Holst says: "The first condition of the success of his [Douglas'] plan was, of course, the emphatic co-operation of Pierce" (Lalor's Translation, vol. iv, p. 350). "Pierce's subsequent course excludes all doubt that it was not moral scruples but these party political considerations, with sharp personal points, which caused him to yield involuntarily when Douglas now proved to him the necessity of approaching the slavocracy another step" (p. 318). "He [Pierce] did not have courage enough to descend into such depths of infamy" (p. 309). "Whether Douglas had come to an understanding with him [Pierce] before he made his report of the 4th of January and thought out the 21st section of his bill, I cannot discover from the sources at my command" (p. 309). "Marcy had not the penetration and character to use his short hour, when events brought the crown of immortality within the reach of his hand" (p. 353). "Marcy, too, declared the 'principle' to be democratic, and only considered it questionable whether such an application of the principle was proper in this case" (p. 352).

Schouler says (p. 231): "Nor had Douglas himself the hardihood of perpetrating the new and iniquitous issue without a previous assurance of the President's support and approval." "Marcy, it is well known, was dissatisfied with the scheme from first to last, though loving party and place too well to forsake his post. Jefferson Davis, the Secretary of War, was the President's inspirer in this business, and, by his own admission, negotiated the compact between the White House and the territorial committee rooms of the Capitol."

Rhodes says (vol. I, p. 431): "Douglas first prepared the bill without consultation with any Southern men." "Douglas had written his report, and prepared his first bill, without any consultation with the President. . . . Pierce, through his own organ, the Washington *Union*, which faithfully represented his opinions, had approved the report of the committee on territories, but he did not regard

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President Pierce decided wisely in refusing to commit his administration against a measure which he then for the first time discovered his party in the Senate resolved with substantial unanimity to push to a vote, and in favor of which the Senate stood nearly four to one, may possibly be now an open question. He did decide, however, that the threatening aspect of the foreign affairs of the United States did not permit him to enter, at that time, upon a quarrel with the Senate over a measure to organize territorial governments for Kansas and Nebraska.[1]

The president clearly realized that the Van Buren Free-Soilers had decided his election. It was the defection of this party from Cass in 1848 that had given New York to the Whigs and made Taylor president. But four years later the great body of those Free-Soilers who had been Wilmot Proviso men stood firmly by Pierce (even although he vindicated the suppression of that Proviso in the interest of the Compromise of 1850), as did also the opposing Democratic fraction in New York, known as "Hunkers." The latter, however, resented the preference of the president-elect for Marcy over Dickinson as secretary of state. Mr. Pierce desired to show no partiality on account of past opinions on the slavery question, and especially on the Wilmot Proviso, among those north or south who had voted for him. Accordingly, in filling the chief

with favor the amendment of Dixon" (p. 436). "We may feel certain, however, that it was the persuasion of Davis at the private interview [Jan. 22] which induced the President to give his approval" (p. 438).

Benton, in his Historical and Legal Examination of the Dred Scott Case, says: "This is the record history of that abrogation of the Missouri Compromise into which the administration of Mr. Pierce was *forced*" (p. 172).

[1] The very strained relations in 1853–54 between Great Britain and the United States, manifested by the men-of-war confronting each other off the Canadian coast, were explained in a paper prepared by the writer, and read before the Grafton and Coös Counties Bar Association of New Hampshire, in September 1892, on "The Canadian Reciprocity Treaty of 1854." The situation was well described in a speech by Lord Elgin: "A British admiral and an American commodore are sailing on the coast with instructions founded upon opposite conclusions, and a single indiscreet act on the part of one or the other of these naval officers would have brought on a conflict involving all the horrors of war." That treaty, which happily dispersed the hostile vessels, was not ratified by the Senate till a few days after the enactment of the Kansas law.

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federal offices in New York City, the president appointed from the "Hunkers" Dickinson to be collector of the port of New York and Charles O'Conor to be district attorney, and from the "Barnburners" he made John A. Dix assistant treasurer, Heman J. Redfield naval officer, and John Cochrane surveyor. The appointment of General Dix was so severely condemned in the South as an elevation of a "Free-Soiler and abolitionist," that Mr. Pierce wrote an elaborate defence of himself to Garvin of Georgia, in August, 1853. Toombs of that state arraigned the president for betraying the Compromise of 1850 "by bringing his enemies into power," meaning the advocates of the Wilmot Proviso. The quarrels between the rival Democratic fractions in New York could not be appeased, and they culminated when the Democratic state convention assembled at Syracuse. Each fraction, — "Hards" and "Softs," as then described, — nominated a ticket of state officers. The Whig candidate for secretary of state received 160,553; the candidate of the "Hards" received 99,835; and the candidate of the "Softs" received 96,137 votes. The platforms of the rival fractions were substantially alike in what they said of slave labor. Probably the Washington *Sentinel*, which posed as a Democratic organ, was not far astray when, after the New York election, it thus defined the resentment of the "Hards":

> Whether a statesman should have seen it or not, one thing is certain. The moment the president selected Governor Marcy for a member of his cabinet instead of Mr. Dickinson, the fate of the Democratic union in this state [New York], if not that of the administration itself, was sealed.

How much that condition of the Democratic party in New York and the relation of Pierce and Marcy to it, had to do with the several phases of the Kansas bill as presented by Douglas, is now pure conjecture.

The historians of the period have been greatly influenced in their views as to Mr. Pierce's connection with Douglas' bill by the assumption that the Washington *Union* was an "organ" of the president. Their search for the facts in this matter seems to have been inadequate. We are now encompassed by the

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multitudinous life and action of newspapers swarming between the Atlantic and the Pacific, full of enterprise, with various political leanings, the common business object of profit, and the class interest of power, but we have long outlived the "organ" which began its music on the bank of the Potomac more than half a century ago when Jackson called Blair from Kentucky to finger the keys of the *Globe*. During the three terms of Jackson and Van Buren, the *Globe* may possibly have been the interpreter of the administration, but President Polk having exchanged Blair for Ritchie, contrary to the earnest advice of ex-President Jackson, the *Globe* was merged in the *Union*. After Ritchie's death the *Union* passed from one proprietor to another till, in the beginning of 1853, it was owned by Armstrong of Tennessee, an estimable man who paid little attention to its editorial columns, but was chiefly concerned in promoting his own candidacy for the office of public printer.

At that time there was not a government printing establishment as now, but a superintendent of public printing was appointed by the president, with the consent of the Senate, and each house chose by ballot its printer. The political situation in the summer of 1853 made it feasible to divide the printing of the two houses and choose two printers. Beverly Tucker, a Virginian, had been an unsuccessful candidate for marshal of the District of Columbia, and in August of that year he began the publication of the *Sentinel*, which very soon criticised the administration and was from the outset an active rival and antagonist of the *Union*. After Congress had assembled in 1853, Armstrong became printer for the House, but in the Senate he was defeated by Tucker, for whom Whigs and Free-Soilers, including Seward, Sumner, Chase and Wade, voted, although Tucker was then co-operating with the most extreme pro-slavery men. The *National Intelligencer*, which had been an exponent of Whig opinions ever since that party came into existence, received only one vote. Tucker had twenty-seven votes, Armstrong sixteen. Douglas was reported as absent. Armstrong died in February 1854, and Nicholson,

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then an editorial writer on the staff of the *Union*, was elected his successor by the House. The tenure of a printer was the pleasure of the house which chose him, and the emoluments of the position constituted a very important item in the finances of a newspaper controlled by an incumbent. Although the life of the *Union* newspaper thus depended on keeping the good will and the printing patronage of the Democratic House, and although it was obvious that if that journal was the "organ" of anybody or anything, less or other than the whole Democracy, it was the "organ" of the House, yet the historians persistently represent it as in all things editorial the mouth-piece of the president. Its proprietors and conductors did not, for obvious reasons of self-interest, actively disavow such pretensions till 1855, when, for reasons equally obvious, they denied that they had ever held organship.[1] Forney, then the Clerk of the House of Representatives, was an editorial writer on the *Union*, and was at the time, as he discloses more or less clearly in his *Anecdotes of Public Men*, doing his best to promote the nomination of Buchanan in 1856.

The insistence by certain newspapers hostile to the president that everything printed on the editorial page of the *Union* was inspired by him, or by a member of his cabinet, presented amusing incidents. At a time when American opinion sympathized deeply with Kossuth, who, overthrown in Hungary by the co-operation of Russia with Austria, had come to our shores, and not long before had left them, an editorial appeared in the *Union* eulogizing Russia. The article, brilliant enough to compel either commendation or censure, was written by Roger A. Pryor, now a valuable member of the New York bench. The opposition press fell upon the article, and made each member of the cabinet in turn responsible for it. European commentators accepted the view that the article had government inspiration. Meanwhile the brilliant author, then a young man, was quietly enjoying the excitement over a casual effort of his pen in which no head or hand but his own had been in any way concerned. Thus it was with other editorials in the

[1] *Cf.* POLITICAL SCIENCE QUARTERLY for March, 1893, p. 26 *et seq.*

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Union which the opposition could pervert to its uses. If an official act, whether in foreign or domestic affairs, did not when made public tally perfectly with something previously said concerning the subject in that journal, the official who had done the act was condemned by the opposition newspapers for irresolution or vacillation or weakness.[1]

III.

There is nothing that I have seen even tending to show that Douglas believed that the obliteration of the Missouri line would make Kansas a slave-labor state, or that he desired such an effect. It was the opinion of the president, in which opinion the secretary of war concurred, that owing to the climate and situation of Kansas the repeal would be futile to accomplish that result. The president said as much to Clemens of Alabama in a conversation which, more or less correctly reported, found its way into the newspapers of the day. Probably no one foresaw, when the repeal was under debate, such a conflict between Missouri and Massachusetts to control the politics of the territory as subsequently occurred. How could those who had the responsibility of framing a form of government for Kansas anticipate the disorder and violence which the repeal incited, to the prejudice of regularity in the territory? There was neither disorder nor violence in Nebraska. Kansas was, nevertheless, the theatre of events which produced commotion in Congress, and made issues in Northern elections. Aided greatly by the mysterious and sudden uprising of Know-Nothingism against the influence of the Roman Catholic Church, naturalized citizens and all immigrants, the Kansas issue defeated the choice at Washington of a Democratic

[1] Happily the article by Mr. Pryor in 1853 commended the government at St. Pétersburg. Twenty years earlier the Russian *chargé d'affaires* at Washington had complained, in a note to the Department of State, of an article in the *Globe* expressing sentiments hostile to Russia, and the complaint gave the then secretary of state inconvenience because that journal was at that time really an "organ" of the administration. Such an incident, one would naturally say, should have been sufficient to put an end to official relations between editorials in a newspaper and the president.

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Speaker in 1854-55, completed the destruction of the Whig Party, and sent to the Senate many members of the new Republican Party, who owed their election solely to the political and religious hurricane. After that hurricane had subsided, Buchanan and a Democratic House were chosen in the autumn of 1856.

The president appointed in succession three governors for Kansas — Reeder, Shannon and Geary. The first two were failures. The last was a brilliant success, and it is a fair inference that if Geary had been selected instead of Reeder, disorder would not in the beginning have reigned in the territory as it did. Perhaps one good choice in three is as much as any president has made, or can expect to make, in selecting public agents from a country so vast in extent as the United States even of that day.

Reeder was a Pennsylvania lawyer of good repute. He was commissioned within thirty days after the enactment of the Kansas law,[1] but dawdled so long in starting for his post of duty that he did not arrive till the following October. Marcy suggested Reeder's removal, so inexcusable seemed the delay in obeying the orders given to him. When he had arrived he so dawdled again that voting for members of the legislature did not take place till March, 1855, nor did the legislature assemble till the next July. There was for a year no law in Kansas. The fundamental law of the territory, enacted by Congress, commanded the governor to cause a census of the inhabitants and of the qualified voters to be taken by his duly appointed agents; to superintend by his agents the first election, and the returns thereof; to canvass the returns and declare the persons "duly elected." No one else could do that work. Certainly the president could not. If the governor failed to take a true census of the voters, to give proper oversight through competent officials to the voting, and out of fear, or for any other reason, adequately to canvass the returns and set aside elections in all districts where fraud or violence vitiated the results, the fault was his. Reeder did not report to Marcy the facts tending to

[1] The act was approved by the president May 30, 1854.

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show the illegality of the first election, and take his advice. The president was uninformed till after the governor had issued certificates of election to a majority of the members of the territorial legislature. It was then too late for the president to contest the validity of what the governor had done. Having failed to annul all the returns in which systematic and wholesale frauds were palpable, the governor quarreled with the territorial legislature of his own creation, because, over his veto, the legislature removed itself from his town site, Pawnee,[1] to Shawnee. Reeder made the issue that simply because the legislature was in the wrong place it had no legal authority to enact laws; but the territorial supreme court decided that the removal was legal.

If Kansas was at this time in the hands of mere usurpers, it was Reeder who had put the government in their keeping. The situation inspired those in Kansas who felt aggrieved by such conduct to make a new departure, which became the turning point of subsequent violence in the territory and of heated debates in Congress.

In July, 1855, Marcy informed Reeder of his removal, and early in the next September, Shannon, once Governor of Ohio, was appointed to the vacant position. Meanwhile a portion of the people of the territory, having assembled in mass-meeting, at first and avowedly only to form a political party, summoned a convention at Topeka to transform the territory into a state. The convention met in October and framed a constitution which was duly ratified by the anti-slavery faction. Under its provisions, on January 5, 1856, a governor and other officers were elected. Reeder (who only five months before had brought into being the now repudiated legislature) was chosen a representative in Congress and Congress was petitioned to admit Kansas into the Union as a state. The House of Representatives, by a majority of two, voted for the admission, but the Senate refused to concur. The two houses were thus in a dead-lock over Kansas, and thereafter in that

[1] Marcy subsequently discovered that Pawnee existed only on paper, and that Reeder, with others, had been trying to "locate" the town within a military reservation — for connivance with which attempt an officer had been dismissed from the army by court martial.

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territory two hostile governments stood confronting each other. Then the Massachusetts Emigrant Aid Company sent rifles into the arena. Reeder, having been received into the camp of the Topeka party, straightway began in Washington, and elsewhere, utterances in defamation of the president and secretary of state, which utterances have been adopted as truth by modern partisan historians. Having been indicted by a grand jury of the territory for acts of a treasonable character, and having in panic terror fled from Kansas disguised as a wood-chopper, Reeder was not, when he arrived at Washington, in a mental or moral condition likely to inspire perfectly impartial historians with unquestioning confidence in his statements before a Congressional committee, or elsewhere.

Meanwhile, during the fall of 1855, organized forcible resistance to the territorial law was developed. Southern organizations and Northern organizations, acting and reacting on one another, were endeavoring by outside intervention to control the political institutions of the inchoate state. Each side insisted that it was on the defensive. On December 11, 1855, Governor Shannon reported to Secretary Marcy that disturbances were imminent and that the territorial militia was unreliable because composed of partisans of both parties, and he asked for authority to call on the federal soldiers stationed in the territory. Some six weeks later Lane, representing the Topeka party, wrote to the president in the same sense, and three days after the date of Lane's petition for military aid of the governor, the president sent to Congress his special message of January 24, 1856, giving a history of the territory to that date. He made therein no discrimination between the groups of outsiders interfering to disturb the peace of the territory, but condemned the Topeka movement as revolutionary in aim, and as tending toward treasonable insurrection, if carried on to the end of organized forcible resistance to law. He declared his purpose to put into Kansas order and obedience to law, whether disorder and disobedience came from upholders of slave labor or from upholders of free labor. No lawyer

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could affirm the illegality of the territorial government, or the legality of the Topeka uprising. On February 11, 1856, the president issued a public proclamation declaring that all the needed available military forces of the United States would be employed in Kansas to vindicate the laws. To Marcy and Davis was committed the execution of details.

All the instructions and orders issued, either from the State Department or the War Department, were subsequently transmitted by the president to Congress, or were published by the secretary of war in an appendix to his report of December, 1856. Although those instructions and orders have received no commendation from the historians, yet it may be safely said that they contain rules prescribing the relations of the military to the civil authority in times of public disturbance which are of great value for publicists.

The calamitous pre-eminence to which the abilities of Jefferson Davis raised him in the Senate and elsewhere after the inauguration of Buchanan, when the three-cornered academic debate raged between Buchanan, Douglas and Lincoln over the power of Congress in a territory, has inspired historians of the period from 1854 to 1857 to represent Davis as the pervading Satan of the administration. Now and then, when it suits their purposes, Cushing is associated with Davis in the diabolical rôle, but Marcy is either ignored or assigned to an inferior place, although he was the head of a department subject to a definite responsibility for what went on in Kansas. For the historians all omit to note the fact that, down to 1873, the execution of the laws of Congress for the political government of the territories was in the Department of State. Such matters of territorial government as had not been definitely assigned by statute to some other department, fell to the secretary of state as the successor of the secretary of the Continental Congress. In 1873 it was enacted that

> the secretary of the interior shall hereafter exercise all the powers and perform all the duties in relation to the territories of the United States, that are now by law, or by custom, exercised and performed by the secretary of state.

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But during the administration of Pierce, Marcy had much the same responsibility for the good conduct of affairs relating to Kansas as he had for that of foreign affairs.

The motive of the historians in attributing all responsibility to the Southern statesman is obvious. As von Holst is the pioneer historian, he is the chief offender. His successors follow his lead. The truth is that Davis was punctilious and careful to the last degree in avoiding interference with the work of a colleague, and so was Cushing. That abstinence practiced by each of the strong, self-reliant, willful members of that cabinet, and insisted on by the president, was what kept them in unexampled harmony to the end — a fact for which the historians offer no explanation. An illustration of the misconception in this matter can be seen on page 122 of Mr. Rhodes' second volume, where he says :

> The president was undoubtedly in a strait between two ways, but by the 24th of January, the day on which he sent his special message to Congress, it was known that Jefferson Davis, who was an open friend of the Missouri party, had prevailed.

"Known" by whom? "Prevailed" in what, and against whom? The implication obviously intended is that Davis had "prevailed" against Marcy. But Marcy would never have remained in the cabinet a week after a colleague had manifested toward his matured opinions, in an important matter primarily committed by law to his management, such disregard as is implied in the comments of the historian, and had been sustained by the president.

In accordance with the president's proclamation of February 11, 1856, the secretary of war ordered Generals Sumner and Cook to use the forces under their command on a call by the governor. General Persifer F. Smith, an officer of conspicuous prudence and energy was, for the occasion, assigned to special command in Kansas. As if further to complicate the situation, the lower house of Congress (Republican) in the summer of 1856 attached to the Army Appropriation Bill an amendment forbidding the army to be used in enforcing law

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in Kansas; the Senate (Democratic) refused to concur; Congress adjourned; the president reconvened Congress and the appropriation bill was passed without the amendment. The adjournment without appropriating money for the army aggravated the territorial disorder. Shannon resigned. Geary, who succeeded him on September 11, 1856, had been a faithful and competent soldier from Pennsylvania in Mexico. He was a man of conspicuous firmness, courage and self-reliance, perfectly familiar with army methods, and he had the confidence of army officers in Kansas. The result was that on September 30th, 1856, Geary had the happiness to report to Marcy:

> Peace now reigns in Kansas. Confidence is gradually being restored. Citizens are returning to their claims. Men are resuming their ordinary pursuits and a general gladness pervades the entire community.

When Congress assembled in the following December, "freedom's battle" in Kansas had been fought and won.[1] The issues really surviving concerned only a struggle for party control of the new state, but the Lecompton Constitution was exploited in a way to disrupt the Democratic Party at Charleston, and the catastrophe went rushing on.

SIDNEY WEBSTER.

[1] Mr. Eli Thayer, a very competent witness, says in his instructive volume, The Kansas Crusade (p. 222): "At the end of 1856 I left Kansas work, and began the colonizing of Virginia; we had triumphed in the great conflict with such exuberance of strength that we had in Kansas four free-state men to every one of our opponents, while our numbers were rapidly increasing, and theirs constantly diminishing. Buford and his Southern soldiers had returned to Alabama. Other Southern battalions had retired to the Southern fields of their homes. Atchison and Stringfellow had given up the fight. It now remained for the free-state men of Kansas to restore order. . . . Mr. Lincoln and Mr. Douglas debated the question of slavery extension in 1858, but they were discussing an issue already dead, and of no importance to anybody excepting themselves. . . . Lincoln and Douglas might as well have debated whether or not it was desirable to prevent the recurrence of the Glacial Period."

Mr. Thayer's accurate language does not exclude from his own or the reader's view an appreciation of the adroit methods of Mr. Lincoln's ambition.

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THE INTRODUCTION OF THE CAUCUS INTO ENGLAND.

I.

THE agitation for a further extension of the Parliamentary franchise, which began some years after the passage of the Reform Bill of 1832, triumphed at last in 1867. The Conservative Party itself, led by Disraeli, opened to the great city populations the gates of the fortress to which radicalism had laid siege. But the philosophical radicals, who by vindicating the rights of the autonomous individual had forged most of the weapons of attack, at once perceived that, with a wide extension of the suffrage, there was great danger that the individual would be overwhelmed by numbers. No one saw this more clearly than John Stuart Mill. Filled with concern for the future of the individual in a "democracy considered as the government of the numerical majority," the author of the essay *On Liberty* came at last to believe that in the plan of personal representation propounded by Thomas Hare he had found the means of averting the peril. This scheme of electoral reform, thought the illustrious philosopher, would free "the form of political institutions towards which the whole civilized world is manifestly and irresistibly tending, from the chief part of what seemed to qualify or render doubtful its ultimate benefits"—from the evil which consists in "giving to a numerical majority all power." Having become the indefatigable advocate of the plan of Hare, Mill laid it before Parliament in 1867, just as the debates on the Reform Bill were closing. But the amendment proposed by the philosopher was unfavorably received by the House of Commons. An amendment offered by Robert Lowe, the object of which was to introduce into the law the principle of proportional representation under a different form, met with no better fate. But when the bill was carried to the Lords

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the question was taken up by Conservative members. The philosophical arguments of Mill concerning the peril to the individual involved in numbers produced little effect on the Tories, but, seeing themselves well nigh engulfed in the ocean of democracy, they felt that minority representation secured by law would furnish a plank that might keep them above water. Lord Cairns, who became the defender of proportional representation in the upper house, caused a clause to be inserted in the bill providing that in the twelve three-cornered constituencies the elector could vote for only two candidates, and in the city of London, which returned four members, for only three candidates. The remaining seat would then inevitably revert to the minority, if it amounted to a third, or in the case of London, to a fourth, of the electoral body.

When the bill came back to the Commons, the clause introduced by the Lords was vigorously attacked, especially by John Bright, who, since the previous discussion of the question in the House, had distinguished himself by the virulence of his opposition to proportional representation. He claimed that the question at issue was not at all one of granting representation to minorities, but of curbing democracy and so defrauding the people of the great cities of their representation. By guaranteeing a seat to the minority in advance, said he, the contest will be made a useless one for the majority, and public life will stagnate. But the opposition of Bright and of the many other members who supported him remained without effect. So desirous were the Commons to to get rid of the irritating question of electoral reform that they shrank from sending the bill back to the House of Lords. Therefore the clause proposed by Lord Cairns was permitted to remain, and thus the principle of minority representation obtained legal sanction. But the opposition which had been provoked did not cease. Bright was irreconcilable. With all the vehemence of which he was capable, he reopened the case before the electors. "Odious and infamous clause," "the most outrageous heresy for a popular representative system," — such were the terms used by Bright in describing the mi-

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nority clause before the electors of Birmingham. That city was one of those in which the new system of voting would be applied. "Every Liberal in the United Kingdom," said Bright, "was asking himself: What is Birmingham going to do with the minority clause?"

Birmingham soon gave its answer. It created the Caucus, in order to fight the battle of democracy by means of a permanent organization of the Liberal Party.

II.

Neither the Liberal nor the Conservative Party in England was wholly destitute of organization. Committees, clubs and associations of the one or the other party had been formed, since 1832, in many localities; but the chief concern of these had been to watch the registration of voters, to inspect in the interest of their party the registration lists prepared by the overseers of the poor, and to present before the revising barrister in the registration court objections against their opponents and claims on behalf of their party friends. The money necessary to carry on this work was furnished by the party chiefs and a few of their adherents. During elections these societies or clubs often furnished canvassers and members of election committees. But this form of organization as a whole was neither very compact, extended or permanent. Candidates for seats in Parliament offered themselves, or were nominated by the local party leaders or recommended by the party whip and his associates in London.

The democrats of Birmingham came to believe that, in order to overcome the effect of the clause concerning minority representation, they must develop in opposition to it a formidable organization. This they did not find in the old system of the Liberal Party. They did not believe that registration societies and Liberal associations — small combinations of subscribers, of amateurs, under the control of a few influential persons and traditional leaders — could reach the masses who, in consequence of the extension of the franchise, were entering on the political stage. In order to be successful the party

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organization, thought the opponents of the minority clause, must reach all the voters, must make them feel that they are fighting *pro aris et focis*, and that the Liberal Party is the party for them and for every one of them. In response to suggestions of this kind, Mr. W. Harris, an architect and writer, who was one of the radical leaders, and secretary of the Liberal Association of Birmingham, proposed a plan of organization according to which all the Liberals of the place should meet in ward assemblies and choose committees, the members of which, coming directly from the people, could assume authoritative control of party affairs. In the first place a central committee of seventy delegates, which should be in constant communication with the citizens of the wards or districts, was to decide "to what objects the efforts of the party will be directed from time to time." But, for the solution of important questions and particularly for the selection of candidates, even this committee, notwithstanding its origin, would not have sufficient authority. Such authority could be found only in a more popular body — "a body which should not only be a reflex of popular opinion, but should be so manifestly a reflex of that opinion that none could doubt it." In order to form such a body the Liberals of the wards were to choose additional delegates who, joined to the seventy members of the central committee, should form a general committee of 400 members. These 400, "elected openly and freely by the burgesses, without dictation or suggestion from the central body or anybody else," should nominate the candidates, "and gentlemen aspiring to the honorable position of representing Birmingham must abide by the vote of the selecting body, and the Liberal electors must do so."[1]

After this plan had been explained and defended in meetings held in all parts of the city, it was adopted. A Liberal committee was formed in accordance with its provisions, and, in view of the impending general election of 1868, this body named the candidates for the three seats. But as each elector could vote for only two candidates, the committee

[1] Birmingham *Daily Post*, Dec. 21, 1867.

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assigned to each ward two names, the combinations being so arranged that two of the three could receive, out of all the votes cast in the city, only the number strictly necessary to secure them the majority, while the remaining votes would go to the third candidate. By a preliminary canvass the central committee had ascertained precisely the number of Liberal electors in each ward and the least number of votes necessary for a majority at the poll, and it had then distributed the three candidates among the wards by twos. One ward should vote for A and B, another for A and C, a third for B and C, a fourth for A and B, *etc.* The voter who resigned to the committee the designation of the three candidates was also to renounce the privilege of selecting from among them the two he preferred. "Vote as you are told," was the watchword. Triumph of the democracy over its foes must be bought at this price. Each voter was given a ticket with the two names upon it which he must declare at the polls. Some malicious Conservatives conceived the plan of distributing counterfeit tickets, in which the Liberal names were differently distributed among the wards. If any number of electors had voted for the candidates named on the counterfeit tickets, the game which the Liberal committee was playing would have been thrown into utter confusion. The fraud was discovered in time, and the only result was a stronger disposition in the Liberal camp to vote blindly according to orders. Still the enthusiasm was not universal. A group of workingmen, not numerous or influential, distrusted the champions of the "vote as you are told" democracy. Some radicals of the old stamp, survivors of the "glorious days" of 1831–32, who had fought for the extension of the suffrage, saw with grief that it was to be exercised not by freemen but by automatons.[1] But the immense majority

[1] One who had been a friend and companion of Atwood in the Birmingham Political Union of 1831 wrote: "You must vote as you are told! We who have flattered and petted you when you had no vote — stating over and over again our entire confidence in your ability rightly to use it — now cannot trust you! I say it is an insult, and the securing of any end, no matter how desirable, will not justify it. I, even, the bosom friend of Atwood, have had this degrading proposition put to me." — Birmingham *Daily Gazette*, Oct. 27, 1868.

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of the electors "voted as they were told," and the three Liberal candidates were returned in spite of the clause adopted for the benefit of minorities.

The enemies of democracy and the "philosophers" who had introduced the limited vote were not willing to profit by the lesson which Birmingham had given them, and at the earliest opportunity they gave a new application to the principle of the representation of minorities. The law of 1870 concerning primary education, which placed the supervision of schools supported by the rate-payers in the hands of elected boards, provided that the elections should be by cumulative vote. This was accomplished by a provision that the elector, instead of voting for as many different persons as there were members of the board (from five to fifteen, according to locality), could cast all his votes for a single candidate; the result being that a small group of electors, by concentrating their votes on a single person, could elect him and thus make their influence felt in the face of a dominant majority. The Birmingham radicals began a new campaign to nullify the cumulative vote, as they had already nullified the limited vote. But their appetite was too great, for they desired to secure the entire fifteen seats on the school board; and, on account of the greater complexity of the problem, the skilful distribution of votes among the candidates did not succeed this time. Instead of capturing the entire board, the radicals found themselves in the minority.

The prestige of the Liberal Association was injured, and its organization began to dissolve. But it was soon to form again with new strength and enter upon a career at once brilliant and fraught with weighty consequences for the political life of the entire country. The change began in 1873. In that year two men appeared on the political stage in Birmingham, who, though differing greatly in their worth, their ambitions and their talents, and destined to careers sufficiently unlike, have contributed more than any other men to transform the character of political life outside of Parliament. The one was Mr. Schnadhorst, the new secretary of the Liberal Association;

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the other was Mr. Joseph Chamberlain, who became the moving spirit of that organization. Elected mayor of Birmingham in 1873, Mr. Chamberlain was the most brilliant representative of a group of remarkable men whom chance had thrown together. Intelligent, active, having already made their fortunes though still young, they wished to display their talents in public life. A field of activity lay open before them in this very city, for it awaited the hand of political workers, as did most of the great manufacturing centers which had developed with extreme rapidity in the north of England. Massive structures of brick, whose tall chimneys poured forth clouds of smoke from morning till night, told of the life of vast masses of men, absorbed in the work of production, practically excluded from intellectual and artistic pursuits, indifferent even to external conditions of comfort in their cities, to the pavements of their streets, the breadth of their highways, the healthfulness of their dwellings. A quarter of a century ago Birmingham presented a spectacle no more attractive than this. Impressed by this fact, some of its citizens conceived the desire to work for the improvement of the city. They were the men who were grouped about Mr. Joseph Chamberlain. They wanted to get control of the municipal council, and in their campaigns for this purpose they took as their base of operations the Liberal Association.

Surely the task which Mr. Chamberlain and his friends undertook and to which they devoted their energies had nothing to do with national politics; it was worthy of the support of all citizens without regard to party. But the Conservatives unwisely furnished the radicals with a pretext for making the improvement of local administration a party question. Having been deprived, through the system of "voting as you are told," of the share of Parliamentary representation to which by the minority clause they were entitled, the Conservatives now wished to force an entrance into the political fortress of Birmingham by means of municipal elections. With this end in view they undertook a political contest, and lost. Had they been willing after that to revert to the old method of fighting

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local elections on non-party lines, it was too late to do so. By this time the unity of political sentiment which bound Mr. Chamberlain and his friends together had become too strong to disappear on the morrow of the victory. They were all advanced radicals, but there was nothing speculative or doctrinaire in their radicalism. For the most part they were business men who had not read very widely. To be sure there were among them some men of culture, but these were little inclined to philosophic doubt. The pictures of the Athenian democracy which Grote had painted filled them with an enthusiasm which left no place for compromise. They did not understand the scruples which led men like J. S. Mill to seek to counterbalance the influence of democracy. To them, if democratic government was good, it was so without limitation, without reserve. Outside the little group of leaders, men cared still less about defining what should be included within or excluded from party politics. In their minds ideals and the means of attaining them lay confused in a vague sort of way behind the catch-word "improvement," which they applied to the state as well as to sewers. Amelioration, improvement, progress, liberalism were so many notes which on their lips blended into a single chord.

After they had secured control of the city government, Mr. Chamberlain and his friends undertook an elaborate system of public works, the object of which was to increase the beauty and healthfulness of Birmingham. Their proceedings resembled those of Haussmann, the celebrated prefect of Paris under Napoleon III. The new municipality of Birmingham opened and graded streets; swept away the wretched buildings that disfigured the centre of the city, and erected magnificent edifices; provided a system of sewers, of sanitary inspection and of pavement for the streets; built public libraries, baths, hospitals, squares; made the city proprietor of the gas and water works. The cost of this transformation was large, but its results were beneficial.

In the prosecution of this work Mr. Chamberlain and his friends were supported in the town council by a compact and

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faithful majority. This was secured through the organization of the Liberal Party, which had been brought to a high degree of perfection by the efforts of Mr. Schnadhorst, a born organizer and a master of the art of wire-pulling. The Liberal Association, of which he was the leader, seized control of the electoral body of Birmingham, and seized it in such a way as to keep it. Every inhabitant of the city, whether voter or not, was admitted to membership in the association. The payment of an assessment was not always demanded. The lowest sum fixed for this was one shilling, but if the individual "signified his adhesion to the objects and to the organization of the association," he was not to be required to pay the fee. The members of the association in each ward chose in public meeting a committee consisting of as many individuals as they desired. The members of the ward committees thus chosen could add to their number as many colleagues as they wished. In addition to the ward committees, provision was made for an executive committee of the entire city, to consist of the chairmen and secretaries of the wards as *ex officio* members, together with three delegates chosen *ad hoc* in public meetings of the wards; that is to say, each ward was represented on the executive committee by five delegates, making for the sixteen wards of the city of Birmingham eighty members. This committee had also the right to increase its membership by the addition of thirty persons. Besides the executive branch, the organization had a deliberative assembly, the general committee, which consisted of all the members of the executive committee (80 + 30) together with thirty members chosen *ad hoc* in public meetings of the wards ($30 \times 16 = 480$). Finally, the four officers of the general committee (president, vice-president, treasurer, secretary), together with seven members appointed by the executive committee, formed a "management sub-committee." This combination of 594 persons became popularly known under the name of "the six hundred." In them the democracy of Birmingham, which was hereafter to govern itself, was supposed to be embodied. It was said that the control of the Liberal Party had been placed in their hands because the party had

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confidence in the people. But in fact that confidence was not so unbounded as the leaders wished the public to believe. The skilfully arranged constitution of the association contained certain safeguards against "the people." Its governing bodies were not directly constituted by the people. The "six hundred" named only four of the eleven members on the committee of management, while the other two-thirds were appointed by the executive committee, a body whose members were chosen in part by coöptation. Thirty of the members of the executive committee, as we have seen, were chosen by the eighty elected members, and of these last two-fifths received their nomination in ward committees, on which served an unlimited number of persons selected by coöptation. If, indeed, the ward assemblies which formed the basis of the organization had habitually chosen savagely independent delegates, all efforts to control their action from above would of course have been futile. The skill of the leaders was shown precisely in this, that they made themselves masters of the ward meetings, and then caused delegates to be elected whom they could trust. Besides bringing influences of every kind to bear for this purpose, the association introduced certain special devices. One of these was the employment of "travelling companies," which went from ward to ward to attend public meetings where delegates were to be chosen, and by their influence and voices insured the election of certain candidates. This manœuvre was facilitated by the fact that ward elections did not take place simultaneously, but were distributed over a period of four, five and even six weeks.[1] In the net result the "six hundred" consisted of men devoted to Mr. Chamberlain and his friends, who, it was well understood, were to have seats on the management committee.

Still it is true that the spirit shown by the leaders of the association was not low or vulgar. They did not make it purely an instrument of personal domination. They inspired the association with a real and even an intense life. The

[1] In 1885 the Liberal organization felt itself strong enough to abandon this method of choosing delegates.

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best men of the Liberal Party entered it, accepted elections to the "six hundred," put themselves in touch with the masses at public meetings and through personal conferences upon questions of general interest, and thus promoted an active public spirit. It is true that of all the great manufacturing cities Birmingham possessed conditions the most favorable for the establishment of such relations. Thanks to the special character of its industrial life, Birmingham did not exhibit in clear contrast and opposition the immense fortunes of employers and the misery of a manufacturing proletariat; it did not have the "two nations" spoken of in Disraeli's *Sybil*. This fact, peculiar to this manufacturing center, early impressed observers. Léon Faucher, who visited the country during the anti-corn law agitation, remarked that Birmingham was

> an industrial democracy within a vast city, this being true even in the workshops where steam is the motive power. While in Great Britain fortunes tend to concentrate, in Birmingham they are distributed more and more. Industry in this city, like agriculture in France, is subdivided among many small enterprises. Few large fortunes are found and scarcely any great establishments. This form of industrial organization is connected with the nature of the occupations pursued. At Birmingham labor is wholly manual. Machines are used as aids in manufacturing, but everything depends on the skill and intelligence of the workman.[1]

Though the condition of things had more or less changed during the quarter of a century that had passed since the abolition of the corn laws, the gradation of industrial society in Birmingham was still a gentle one. Owing to this, the leaders were able to reach the masses independently of the ways provided in the statutes of the Liberal Association. Its regular meetings merely furnished opportunities for bringing together larger numbers of citizens, and they were not neglected. In this Mr. Chamberlain set the example. To the meetings of the "six hundred" and other assemblies he brought a method of speaking which since that time, and on a larger stage, has placed him in the first rank of debaters. His

[1] Études sur l'Angleterre, I, 502, 503 (Paris, 1856).

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speech was incisive, clear, and informed by a rigorous logic which went straight to the heart of the subject, and which, though the matter under discussion was of the driest and most complicated nature, opened wide vistas, as does the axe of the pioneer among the tangled branches of the virgin forest. At these meetings questions of interest to the city were discussed, and often plans and measures which were to be submitted to the town council were explained. These discussions contributed to the political education of the citizens. The simple fact that the leaders were willing to debate such subjects before them was appreciated as a mark of confidence on the part of superiors. "They have taken the people into their confidence," it was said.

The group of men who were associated under the lead of Mr. Chamberlain, and who thus contributed their personal services, contributed money as well, and with equal readiness. Their names always appeared at the head of subscription lists and for considerable sums. Every public spirited effort was assured in advance of their sympathy and attention. Thus they furnished a brilliant proof of the fact that social leadership, such as had been the glory of old England, could still be exercised for the public good by others than landlords and without the spirit of paternal condescension characteristic of an aristocracy.

But as Mr. Chamberlain and his friends operated under the firm-name of the Liberal Association, the legitimate and well-deserved influence which they gained accrued to it. Since the persons who worked through the association were leaders in every public enterprise, whether in the municipal council or elsewhere, the minds of people at large naturally became confused. Everything seemed to converge toward the association and its organs; recourse was had to them on all occasions, and their intervention was called for in matters great and small. Mr. Chamberlain and his friends did nothing to correct the error, but on the contrary countenanced the idea that the association was the necessary source and instrument of public happiness.

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This association was the "Liberal" Association. In order to share in its work in the municipality, it was necessary to profess its political creed and partake of the Liberal communion. As far as the political life of Birmingham was concerned, the Conservatives were consequently put under the ban. At the annual municipal elections the Liberal Association waged implacable war upon them. The Liberal majority had become overwhelming; they finally obtained almost all of the seats in the council; but their animosity toward the Conservatives did not cease. The latter had been driven from all positions in the local government, and from all representative bodies, however slight their connection with politics, — even from the control of charitable and educational institutions. The malice and hate shown by the Liberals on these occasions provoked great exasperation among the Conservatives. The success which attended the schemes of municipal improvement only increased their irritation. There was a feast in the house and they were shut out, as if they were not children of the same family. They recognized the great administrative talent exhibited[1] by Mr. Chamberlain and his friends; they could not charge them with irregularities in the use of the public funds; but they thought that the municipal business could not but profit by the honest criticism of a Conservative minority in the town council. The Liberals of the association did not desire this and tried to exclude the Conservatives altogether. Of course they disclaimed personal responsibility for the result: the fact was that the electoral body preferred Liberals to Conservatives; and why should Liberals be expected to support Conservative candidates? Moreover, they said, the work of transforming the city could have been accomplished only by municipal authorities sure of an overwhelming majority and without fear of seeing their vast plans thwarted by petty cliques.[2]

[1] "Scarcely once in a half-century is an administrator like him born," — such was the characterization of Mr. J. Chamberlain given once by one of the leaders of Tory opinion in Birmingham.

[2] Possibly the fear of this was exaggerated, for Mr. Chamberlain himself has admitted that the great things accomplished by the municipality were done "with

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The truth is that the overwhelming majorities at municipal elections were necessary to the leaders of the association for a further purpose — for their effect on the Parliamentary elections. The municipal elections were intended by the chiefs to serve as a political stepping stone. The conversion of their Conservative fellow citizens to their plans of municipal reform would have only half satisfied them. The general good feeling which would have followed would have proportionately lessened the ardor of the contest for the Parliamentary seats, all of which the Liberals intended to keep. Proclaiming the Conservatives to be always and everywhere "the enemy," they let loose the populace against them and permitted the employment of rather rough methods. Bands of members of the Liberal Association forced their way into Conservative meetings and raised an uproar. This was done with such regularity that it became necessary for the Conservatives to give up public meetings in Birmingham. The offenders received no formal orders from the Liberal Association, but it took no steps for their arrest, and therefore it came to be regarded as an accomplice, if not the instigator of the acts of disorder of which its adversaries were the victims. The Conservatives in their turn identified the interests of the Liberal Party with the interests of Birmingham, and came to regard the latter with almost the indifference of strangers. Their feeling toward the Liberals was one of bitterness and rancor. After the lapse of years, by the irony of fate old enemies became allies (in consequence of the Unionist coalition against the Gladstonians), but among the Conservatives the wounds continued to smart as they did on the day they were received.

The association performed well the services which the Liberals expected from it. Its candidates carried the Parliamentary elections with a high hand. Mr. Chamberlain himself was nominated in 1876. The discipline of the electoral body was perfect. "The forces at the disposal of the Liberal Asso-

the hearty approval of the bulk of the inhabitants, including not a few of the Conservatives themselves." — "The Caucus," by J. Chamberlain, M. P., *Fortnightly Review*, Nov. 1878.

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ciation," as its chiefs declared with satisfaction, "were not hordes of wayward free lances — they were armies of disciplined men, well accustomed to stand side by side and to move in unbroken battalions." But it did not seem right that Birmingham should be the only place to profit by the use of this highly perfected instrument. Its advantages ought to be extended to the entire country, for the more complete triumph of the Liberal cause. For this purpose a propagandist campaign was opened by the Birmingham men. Their association was held up as the model to be imitated. The results which had been obtained with its aid spoke for themselves, and with convincing eloquence. That body had "succeeded in rendering municipal and political life a consistent, earnest, true and enthusiastic life among the vast population in which it labours, instead of a spasmodic electioneering impulse." "By this extension of the idea of Liberalism" — *i.e.* by the introduction of partisan politics into local elections — "the association connected itself with the development of the general life of the town." There was not any other "town in which democracy has been so largely interpreted as *the life of the people as an organized whole*, and to the 'Liberal Association' the acceptance of this interpretation is chiefly due."

> The width of the base on which the organization rests has deprived sectional interests of their importance and influence, [and] the faithfulness of the members of the association to each other has been strikingly shown. . . This faithful loyalty has been secured by the importance of the issues covered by the action of the association, the openness and frankness of its proceedings, the absence of sectional distinctions in its operations, the confidence it reposes in its members, and the fidelity with which its officers execute the decisions of the majority. The system cannot co-exist with the subtle social scheming and elaborate methods of wire-pulling in vogue in so many towns. The very breath of its life is its trust in the people at large.

The association has won an "almost unprecedented series of electioneering victories," but party triumphs are not its only record.

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The "Liberal Association" . . . is an agency through which men who believe in the possibility of a higher state of civilization than now exists — who have faith in realizable ideals — have attempted and are attempting to carry out clear and definite plans for the culture, happiness and prosperity of the community.[1]

Mr. Chamberlain and Mr. Schnadhorst in particular visited in succession the leading cities of the kingdom in order to propose the "Birmingham plan." After holding little private gatherings of the most influential (or most pushing) men of the place, they expounded the plan in public meetings. The agitation was carried on with much activity. Besides eminent members of the association it sent out agents to work more leisurely and without making known their errand. The association had a little corps of workers recruited from a class sufficiently large in all great cities — persons who dislike the routine of regular work and who prefer a haphazard existence, or persons whom misfortune has driven from ordinary pursuits. These workers were not numerous, scarcely twenty in all, and they were well, very well paid. They all had glib tongues, could tell stories, some of them could use their pens, knew how to turn off a "letter to the editor," or, if need be, even to write a pamphlet. They worked now in Birmingham, now in other cities, always, of course, *incognito*.

Conditions were favorable for the Birmingham propaganda. The secret ballot, introduced in 1872, shortly after a considerable increase of the number of electors who were left on election day to their own inspirations, made the management of elections, without previous arrangements and a more or less compact organization, very difficult. The defeat sustained by the Liberals in the general election of 1874 had brought to the Commons for the first time since 1832 an immense Conservative majority. The Liberals, who thought they had a perpetual lease of the country, could hardly recover from their surprise; and, as usually happens in the case of defeated

[1] The Liberal Association — "the 600" — of Birmingham, by H. Crosskey (one of the leading members of the association). Reprinted from *Macmillan's Magazine*, Feb. 1877.

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parties, they looked about them for the cause of the catastrophe they had suffered at the polls and found it principally in the fact that they were poorly organized. It was claimed that the "Birmingham plan" would correct this in the best possible way. The defeated candidates especially interested themselves in it. They accepted it with something of the artless faith of gamblers who allow themselves to be caught by "an infallible method of winning" at *rouge et noir*. They did not take into account the exceptional condition of affairs in Birmingham, nor the strength of Mr. Chamberlain's leadership there; they thought that the secret lay wholly in the association patented at Birmingham. In many cities, accordingly, they made haste to establish, in imitation of Birmingham, "hundreds," "three hundreds," "four hundreds," *etc.* The essential features of the new organizations were the character of the foundation on which they rested and the extent of the sphere of their action. Being strictly representative, they were to bring into play the power of the masses, down to the lowest social strata. "Extending Liberalism" by conducting local elections on party lines, they brought into the sphere of Liberal action all the problems and questions in which the community was interested.

III.

Impressed with the importance of their rôle, the "hundreds" seized the first occasion to play it. This was furnished by foreign politics. The Eastern Question, brought to the front by the insurrection in Herzegovina, was occupying the attention of Europe and especially of England. The government of Disraeli, following the traditional English policy, inclined toward Turkey and against Russia, which had taken up the cause of its oppressed Slavic co-religionists. The news of the Bulgarian atrocities raised in England a loud cry of horror, and vehement protestations against Turkish barbarity resounded from one end of the country to the other. The new Liberal organizations hastened to make themselves the active instruments of this agitation, and at the same time

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to direct it against their opponents in office. They accused the Conservative government of moral complicity with the Turks. The chiefs of the Liberal opposition in the Commons, who according to the rules of the game should lead every assault upon the rival party, were more guarded in their attacks on the government. Whether it was because they were patriotic enough to believe that foreign affairs were not a proper domain within which to exhibit the habitual animosity of parties, or because their feeling of responsibility as statesmen, perhaps exaggerated, or even their more cautious temperament prevented them from plunging into a decisive conflict, they at all events held back. But the enthusiasts and agitators outside of Parliament only became the more excited. The "hundreds" were indefatigable in organizing anti-Turkish meetings and in voting resolutions hostile to the ministry. The Birmingham association encouraged and even instigated them. Following its suggestion, the other associations caused more than 150 "indignation meetings" to be held in the course of a few days. It was also at its suggestion that delegates from several associations met at Sheffield and at Birmingham to adopt measures for the holding of a national convention to discuss the Eastern Question. The convention was not held, but there was a monster meeting in London which was attended by numerous delegates from the provinces.

The unanimity with which the Liberal associations threw themselves into this movement furnished a suggestion of what they might accomplish if they were permanently united and obeyed a single impulse. Ideas of this sort were germinating in the minds of the Birmingham leaders, who had already on one or two occasions promoted collective action on the part of the associations. Since the "plan" had been adopted in a sufficient number of localities, Mr. Schnadhorst believed that the time had come to establish a permanent connection between the local associations and secure unity of action by means of a central organization. A circular from the Birmingham association invited all the Liberal organizations formed on the

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representative basis to send delegates for the purpose of discussing a plan of federation, which should be established "in order to facilitate the public discussion of political questions, and to more effectually promote the adoption of Liberal principles in the government of the country." Nearly a hundred associations responded, and on the 31st of May, 1877, the conference began at Birmingham under the presidency of Mr. Joseph Chamberlain. In an able speech which opened the debates he defended the new organization on grounds of utility and necessity, and showed how it would open a new chapter, even a new era in the history of English Liberalism by introducing a new basis and new methods of action, in harmony with the new political conditions. In many districts, he said, workingmen now form the great majority of the electoral body, and it becomes absolutely necessary that the candidates and policy of the party should be acceptable to them, and that they should participate in the discussions by which these candidates are selected and this policy is settled. This is recognized in the new constitution of the Liberal Association of Birmingham, according to which every Liberal in the town is *ipso facto* a member, and that by virtue of his Liberalism without any other qualification. The voice of the poorest counts for as much as that of the richest. It is an association based on universal suffrage. "I need not dwell," remarked Mr. Chamberlain, "on the success which has attended our efforts. We have secured the control of the representation and the government of the town for the Liberal Party, and we have used it to carry out the great end of Liberalism — to promote the greatest happiness of the greatest number." There have been obstacles and difficulties to overcome, due in part to Liberals themselves, "to some who have been ignorant of what are the first elements of Liberalism, and whose lingering distrust of the good sense and the patriotism of the people has found expression in machinery — cumulative vote, minority representation, and I know not what of the same kind — which tends to divide the party of action in face of the ever united party of obstruction." Now, continued Mr. Chamberlain, it only

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remains to carry on the formation of local associations on the representative basis, and when these shall all be united by the central organization, representative in its turn of these associations, we shall have a national convention "to promote liberal objects, a really Liberal Parliament outside the Imperial Legislature, and, unlike it, elected by a universal suffrage and with some regard to a fair distribution of political power." Its task will be less to establish a new Liberal creed than to make Liberal policy more definite and Liberal action more decisive. In order to put the demands of Liberalism into the immediate policy of the party, one of two things is necessary: either that the leaders determine this policy, or, failing this, that the rank and file choose for itself the next point of attack. Up to the present time the first method has been followed, but now it is necessary to have recourse to the second; the time has come to submit to popular initiative. Do not the events of recent years clearly demonstrate this? While our official leaders have been waiting or have been divided, public opinion has been solidifying and crystallizing, and soon it will appear that the only persons who do not know where we are going are those who have undertaken to guide us. The object and merit of the new organization will be to give expression and strength to opinion, and to secure for it greater attention than it has hitherto enjoyed. More united than their leaders and having a perfectly clear conception of the necessary constitutional changes, the Liberals of the country can obtain them "by a little gentle pressure which concerted action may enable us to bring to bear."

The two main points of this speech — the right of "the people" to a direct initiative in the choice of men and measures, and the rejection of the traditional leaders — were emphasized still more in the ardent and aggressive harangue of the next speaker, Mr. W. Harris, the author of the "Birmingham plan." The leaders, he declared, refused to recognize the changes which had come about in political organization, in political power and its distribution. But did not experience prove that a constitutional right could not be disregarded with

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impunity? If this right were denied normal expression, the result would be that it would force its way to recognition in an irregular and perhaps almost violent manner. Such a condition of things already existed to a certain degree in the Liberal Party. The extension of the electoral franchise to the masses in the towns had bestowed on the people the power to control Parliamentary representation, while the direction of party policy, the determination of measures to be submitted to Parliament, the choice of questions to be agitated by the people were still confined to those who had hitherto managed the Liberal Party. It was no longer possible to maintain the old system; it was no longer possible for the leaders in London to draw bills of exchange on the people in the country, payable say two months after date in agitation for a particular purpose. The people themselves ought to decide what and when to agitate. The people had just shown what they could do by forcing the government, over the heads of the official leaders of the Liberal party, to halt in its nefarious and scandalous philo-Turkish policy. But if on each political question a special agitation were to be raised, what an enormous loss of energy, time and power would result. Instead of having an Education League to promote national education, a Reform Union to secure Parliamentary reform, a Liberation Society to work for religious equality, would it not be better in place of all these organizations, to form once for all a Federation which, by focalizing the opinions of the majority of the population in the great centers of political activity, could speak on any question which might be raised with the entire authority of the voice of the nation? The organization which the speaker and his friends proposed would furnish precisely this instrument. The solid basis on which all their efforts rested was absolute and entire confidence in the people. They cherished no mental reservations; they asked for the voice of the people, and they desired to serve its cause; and they were sure that perfect confidence was compatible with perfect party discipline and united action, as the experience of Birmingham had proved.

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Such, as explained by the foremost authors of the plan, were the spirit, character and aim of the projected Federation. It was evident at the first glance that they raised questions of exceptional importance. Whatever the influence which the organization might exert on the destinies of the historic Liberal Party, on the distribution of power within English political society, and in general on the political life of the country, it was clear that the plan assailed the established constitutional order. It aimed to establish the general rule that candidates for election to Parliament should be designated by all inhabitants who asserted their membership in a party, whether they were legally entitled to the suffrage or not. This was equivalent to saying that in spite of the constitution the members of Parliament were to be chosen by universal suffrage, and that without any precise limitation as to age. The basis of the constitution would thus be changed in an extra-legal way. The organization of delegates chosen by this sort of universal suffrage in a convention — or, to use Mr. Chamberlain's phrase, in a "Parliament outside the Imperial Legislature" — would create a national power other than that established by the constitution. How would the constitution work under these conditions? Should the members of the House of Commons obey the will of their legal, or of their *de facto* electors? Should the government be guided by directions proceeding from the Parliament established by the constitution, or by the will of the extra-constitutional Parliament? If, as the authors of the plan of the Federation insisted, the extra-constitutional Parliament should determine not only the national policy to be followed, but the order in which problems raised should be taken up for solution by the legislature, what would be the function of this latter body? Which of the two would possess the power, and where would responsibility rest? Would power and responsibility be united or separate? For good or for evil, the new extra-constitutional organization meant profound changes in the working of the English governmental system.

It also meant the adoption of new political methods. In

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the minds of the promoters of the Federation the dispute between the people and the traditional leaders turned on the right of agitation. The great questions were: when to agitate, what to agitate, who shall initiate agitation, and who direct it? Agitation and the exercise of political power seemed to them equivalent terms. The agitation business was therefore to be farmed out to a national company and agitation to be raised to the rank of an *instrumentum regni*. Public opinion was no longer to rouse itself at irregular intervals, as silently germinating problems forced their way to the surface of political life: it was to be thrown into continuous agitation, as in the Scandinavian Walhalla, where the heroes spend all their time in fighting The prospective conflicts were not to be limited to the attainment of certain objects; there was to be no formal programme which would "narrow Liberalism by a stereotyped creed." Only one thing was to be agreed upon, and that was to fight, to furnish an army — an obligation, it was hinted, which should be assumed with the less hesitation because by the terms of enlistment the soldiers themselves were to point out the enemy, choose the generals and dictate the plan of campaign. But if with all this "perfect discipline" was to be maintained in the army, must not the authority of the soldiers be a delusion and a snare?

In the conference there was very little serious discussion. The delegates who appeared had received no draft of the plan of Federation nor any statement of its objects until the morning of the day on which the conference met. They had brought no instructions from the associations which appointed them, nor could they well have done so, for the circular of invitation which the Birmingham association sent out was drawn in terms so general that it explained nothing and pledged to nothing. The promoters of the Federation, who exhibited such energy in proclaiming the duty and necessity of consulting the rank and file about all party affairs and of carefully collecting their opinions before starting an agitation, had neglected an excellent opportunity to put their

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precepts into practice. As soon, however, as the plan had been duly explained and commented on, a part of the delegates declared that it inspired them with feelings of unmixed admiration, and that its authors were preaching to converts. They added their "testimonies," like those who take part in religious meetings, and, with emphatic affirmations, tell how they found salvation by believing. In the same fashion delegates testified before the conference how they had won elections, "simply by trusting in the people." Thus one delegate had opposed to him numberless obstacles, all the forces of darkness —

> a lord lieutenant whose land surrounded the place for miles; and there was magisterial influence, aristocratic influence, legal influence and nearly all influences against him [the speaker]; but it was simply by trusting to the people that he was successful. . . . And without a farthing of any legal expense, simply by throwing himself upon the people, they not only secured the seat, but they secured it by a majority of nearly 100 votes. He was only telling them this in order that they might never be disheartened in fighting for Liberalism if they trusted to the people. In nine cases out of ten the people were right, and they would not trust in the people in vain.

Not all the speeches at the conference, however, were in this enthusiastic key. The remark was made that the voice of the people was not always the voice of God, but that nine times out of ten it was safe to trust the people. Several other important reservations were formulated during the debates, or rather in the course of the statements made by the delegates. Some, while accepting fully the plan of the Federation, expressed an apprehension that it might trench on the independence of the local associations. The legitimate anxiety which this question inspired was mingled, in the minds of many delegates, with a little local jealousy of Birmingham, because it was putting itself at the head of the column. The "statement of the proposed constitution and objects of the National Federation" met all these apprehensions by declaring in the clearest terms that "no interference with the local independence of the Federated Associations is pro-

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posed or contemplated." Several delegates took note of this declaration and laid great stress upon it. One said, by way of example, that his constituents did not intend to have imposed upon them the practice in vogue in Birmingham of making all local elections political contests. The question of admitting to associations persons who did not pay assessments gave rise also to an exchange of ideas. One delegate demanded that in conformity to the principle of consulting the people, which had been invoked at this very conference, the project should be submitted for preliminary consideration to the local associations invited to join the Federation. But the authors of these suggestions were not allowed to dwell on them, and their proposals were summarily tabled. Still, a discussion arose concerning that point in the draft which defined the composition of the council of the Federation. According to the preliminary statement, it was to consist of delegates from the local associations varying in number according to population. Places with more than 100,000 inhabitants should have twenty delegates; those with more than 50,000 inhabitants, ten; and, finally, towns or districts which had less than 50,000 should invariably send five delegates. An amendment proposed in the conference provided that the number of delegates should be proportional to population, on the basis of one representative to every five or ten thousand inhabitants. There was something more behind this different method of computation than the mere desire for arithmetical symmetry. If representation in the council were strictly proportional, the great cities, rivals of Birmingham, would have a much larger number of votes, while the plan as presented favored at their expense the small towns, which would more easily fall under the influence of Birmingham. And as, moreover, representatives of towns remote from Birmingham could not easily attend meetings of the council, it would generally be made up of delegates of numerous small towns in the neighborhood of Birmingham and more or less under Birmingham's influence; so that the leaders of the association of that city would be likely to assume control of the National

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Federation. At last the opposition yielded before the loud protests of the friends of the scheme as proposed. They were reminded that at the next annual conference the statutes could be changed, if experience should prove it necessary, and that meanwhile they would be simply trying an experiment for a year. Thus the draft was adopted without change, and the "National Federation of Liberal Associations," since more commonly known under the name of the National Liberal Federation, was founded. According to the statutes its object was to assist in the organization throughout the country of Liberal associations based on popular representation, and to promote the adoption of Liberal principles in the government of the country. The government of the Federation was vested in a Council, formed in the manner indicated, and a General Committee consisting of a smaller number of delegates, together with twenty-five members added by itself. Intrusted in general with the furtherance of the "objects" of the Federation, the committee was specially charged "to submit to the Federated Associations political questions and measures upon which united action may be considered desirable."

The formalities connected with the founding of the Federation were completed. But this performance was really only a "curtain-raiser." The principal play was to be given that very evening, as had been carefully announced in the circular which summoned the delegates to Birmingham. It was a public meeting with Mr. Gladstone as principal speaker. The illustrious statesman came in person that he might present the Federation at the baptismal font. This act of sponsorship derived a peculiar importance from the exceptional position which Mr. Gladstone then occupied.

Soon after the defeat of the Liberal Party in the elections of 1874, Mr. Gladstone abandoned its leadership, having decided to bring his long political career to a close and to employ the rest of his days in preparing for that supreme moment when he would have to appear before his Eternal Judge. Lord Hartington was appointed his successor and formally assumed the reins of government within the Liberal Party. But with

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the rigid organization of Parliamentary parties as they exist in England, directed by a single leader toward whom all eyes are constantly turned and who ordinarily holds his position for life, it was not easy for one who during long years had possessed and exhibited the qualities of leadership in the highest degree and who was still full of energy, to reduce himself to a political nullity. To the Liberal Party and to the whole country he was still Gladstone, just as an abdicated monarch is always His Majesty. Furthermore, the plan of self-effacement which he had formed proved hard for him to carry out. Prayers and acts of penance could not form the sum of his existence any more than they did that of Charles the Fifth at the monastery of San Yuste. His vehement spirit, haunted by the memories of a thousand battles, only waited for an occasion to burst forth again. This soon presented itself. The Bulgarian atrocities drew Mr. Gladstone from his retirement. Overflowing with anger and indignation, in a series of passionate speeches which stirred the emotions of the English people, he denounced the cruelties of the Turks and the abject system of government which exposed Christians to the violence of savage hordes. In this oratorical campaign Mr. Gladstone, who had passed through so many incarnations, successive and simultaneous, appeared more clearly than ever before as a popular chief. The temperament of the demagogue (using the word in its etymological sense), which contended for a place among many other traits in that protean nature, had at last, after long years of growth, found its fullest expression. At the time when the death of Palmerston closed one epoch in the history of England and opened another, a sagacious observer, predicting for Mr. Gladstone, in spite of certain reactionary tendencies of his, the future leadership of the Liberal movement, ventured the assertion that, if he became the leader, it would not be as the favorite of a party but as a popular chief, and added :

From the time I first heard Gladstone speak when carried beyond himself by the passion of debate, I came to the conclusion that nature meant him for a popular demagogue, and that the scholarlike

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moderation that his university training had imparted to his habitual utterances was a matter of education, not of instinct.[1]

His generous and impulsive instincts, tempered by a religious nature imbued with the ideal of virtue and justice, naturally inclined him to espouse all aspirations which claimed to be good and just, and which at the same time served his political ends. He eagerly embraced them as events brought them in his way. In his imagination they became realities, encountering him as he advanced, turning now to the left and now to the right as his path turned in those directions. But why should they block his progress, asked an inner voice. Was he, then, their enemy? Not at all; they had a place in the very bottom of his heart. Truly they had a place there, and a legitimate place. Reason itself plead for them. And when it came to that, Mr. Gladstone's intellect, with its incomparable flexibility, presented argument after argument which made those aspirations which were claiming satisfaction appear to be an irresistible postulate of human logic and an imperious command of the logic of events. But after his dialectic, often too admirable, had carried conviction rather to his own mind than to the minds of others, by an unconscious impulse he turned back to the source of his own opinions, to that impetuous feeling the great storehouse of which is in the heart of the people. By tuning his soul into harmony with that of the people, Gladstone evoked shouts of approval which, rising like furious waves, supporting and overtopping each other, at last joined in a roar like that of the ocean. With a single stroke he burst the bag of Æolus, and if the foolish and blind would not follow the direction of the unchained winds, so much the worse for them. He took the people as his witness and judge, — judge in last instance, its intelligence being right because its heart was right. The logicians might dispute over the boundaries to be drawn between politics and morals; the people was charmed precisely by Mr. Gladstone's confusion or identification of the two, both

[1] New York *Nation*, 1865, vol. i, p. 586; English Correspondence.

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in substance and in form. His speeches, always on the lofty key of righteousness and justice, transported his hearers into a region whither the people, the victims of secular injustice, love to be carried, though it be only in imagination. The respectful intimacy with the Almighty which Mr. Gladstone was in the habit of assuming pointed him out to the people as the fortunate man of the Psalm, who walked not in the council of the ungodly, but whose delight was in the law of the Lord, and in His law did he meditate day and night. His hearers felt themselves drawn into the presence of the Lord. The fire and the accent of deep emotion which filled all the speeches of Mr. Gladstone furnished to the masses the strong sensations which they craved, while the militant temper displayed in his utterances flattered the lower instincts of combativeness which exist in all crowds, in crowds of Englishmen more than any others. Thus he came to exercise over them a veritable hypnotic power; and to him can be applied the phrase used in the Orient concerning a celebrated *imam*, a military and religious chief; "by a single breath he could wake the tempest in the soul, and the heart of man hung on his lips."

By the patronage of Mr. Gladstone the prestige of this immense power was bestowed on the Federation, and that too at the moment when, in consequence of the campaign against the Bulgarian atrocities, his popularity had reached its zenith. The inauguration by him of the new organization gave to this provincial union a national significance, and — what was a matter of the greatest importance — stamped it with the hall-mark of genuine Liberalism. The creators of the Federation had practically denied the authority of the official leaders of the party; but, having Mr. Gladstone, they had with them the real chief of Liberalism. It was the peculiar position of Mr. Gladstone after his abdication of leadership which alone made it possible for the Birmingham Radicals to carry out this manœuvre. From this point of view as from all others, the visit of Mr. Gladstone, which was arranged by Mr. Chamberlain and his friends, was on their part a master stroke.

Before an immense audience, estimated at 30,000 persons,

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Mr. Gladstone commended the new organization and eulogized the popular principle introduced at Birmingham.

> And as the law of popular election, [he said] is the foundation of the British House of Commons, so, if I understand you aright, it is the principle and practice of your great town that local organization shall be governed by the same principle, and that free popular choice shall be its basis and its rule. I rejoice not merely that you are about to inculcate this lesson, but that the large attendance here to-day of many hundreds of representatives of the constituencies of the country, met together to consider this subject and to join in counsel with you, testifies to the disposition which exists to adopt this admirable principle of which you have given the example, and of which, if it be freely and largely adopted, I for one am sufficiently sanguine to predict with confidence the success.

After having shown that the Liberals needed organization more than the Tories, because the latter represented political immobility, Mr. Gladstone recalled in eloquent terms the part played by the city of Birmingham in carrying the Reform Bill, and then complimented it anew for being "likewise the town to raise the banner of order in the Liberal party." All his remarks, however, had reference to the "local organization." Concerning the rôle of the Federation which he had come to inaugurate — concerning the programme which it had marked out, the sphere of influence which it had arrogated, its attitude toward the party leaders and toward the existing constitutional order in general, Mr. Gladstone was not explicit. He touched upon the Eastern Question, and soon the entire audience forgot itself in the wild enthusiasm which his speeches on this theme always excited. As to the Federation, the great fact remained that the leader of English Liberalism had made himself its sponsor.

In the polemics to which the new organization gave rise in the press and on the platform, it was given the name of the Caucus, after the organizations of the American parties, with which it was unkindly compared. Under this name it entered English history, there to play a part which could not fail to become important.

M. OSTROGORSKI.

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THE FUEROS OF NORTHERN SPAIN.

THE meanings of the word *fuero* are so varied and have been so loosely defined that the casual reader is sure to be involved in the greatest embarrassment. In its narrower sense it designates any privilege or immunity granted to places more or less outside the regular judicial administration of the country. In its broader sense, however, it means law in general, or legal system. Thus the codified civil law, or law of the land, based on the *Corpus Juris*, but largely supplemented by provisions of the canon law, was called a fuero. Such were the monuments of Alfonso X. Distinct from these general codes, although sometimes embodied in them, were the special codes, called provincial and municipal fueros. Such were the fueros of Nájera and Sepúlveda. An example of the combination of general and local law is furnished by the fuero of Leon, which consisted of two parts: the first, a general code for the kingdom at large; the second, a municipal charter for the town. In the latter case it is plain that the word fuero is used in the sense of charter, or privilege. Such charters were numerous in the eleventh century, and still more so in the twelfth and thirteenth. They were granted by the kings of Spain to their various provinces and cities, and even to the villages and hamlets. Many of those of the North of Spain were borrowed from Valencia, Cuenca and other parts of the kingdom. It is, therefore, impossible to study intelligently those of the North without going, at least briefly, into the history and origin of fueros in general.

Close analysis distinguishes six different senses in which the word fuero (mediæval Latin: *forus*) has been used:

1. Derived from the Latin *forum*, the word meant originally the place of jurisdiction. The Roman magistrates of these provincial *fora* are said to have paid all possible deference to established usage. Hence the transfer of the word to the

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latter sense. In his Code of the Seven Parts Alfonso X explains the genesis of customary law by saying: "From usage springs prescription (*tiempo*), and from prescription custom, and from custom fuero."

2. By an obvious extension of the latter meaning, the word came to be used for any body of law, as for example, the *Fuero Juzgo*. So del Molino declares: "Fori Aragonum dicuntur leges, quia legum dispositionem fororum vocabulum comprehendit." And again: "Fori Aragonum dicuntur statuta."

3. A specialization of meaning brought the application of the term to the civic rights conferred on particular cities, as the well-known fueros granted the Mozarabs, Castilians and Franks in Toledo. These were mere privileges or immunities. So far as they designate tenures of property they are nearly equivalent to the French *coutumes*, or "usages;" as *El Foro de Galicia* and *Les Fors et Coutumes de Béarn*. Under this head may be classed the *Cartas Pueblas*, describing all the numerous petty directions of a paternal government.

4. Many documents were called fueros which were merely records of gifts from landed proprietors to ecclesiastical or monastic institutions. These fueros of the privileged classes are embodied in the *Novisima Recopilacion*. In this class come also the judge's legal opinions of the fuero, of the law of heredity and of penal offenses. Therefore, in one sense, a declaration or opinion of a magistrate was called a fuero.

5. The privileges of a great body of sheep and cattle owners (called the *Mesta*), *etc.*

6. The charters granted to practically autonomous states of Northern Spain and Southern France. In France these states were Labourd, La Soule and Béarn; in Spain, the so-called "exempt provinces" of the Basques and Navarre. It is the fueros of the Basques that have played the largest part in history as charters of liberty; and they, together with the fueros of Aragon, have the greatest interest for students.

The sources of the provisions found in general and local fueros (using the word in the second sense above indicated)

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are to be sought in the Roman and Gothic codes and in ancient custom. Some were taken literally from the Isidorian collection of decrees and decretals, and from acts of the various councils of Toledo. It is impossible in the narrow limits of this paper to enter fully into the historical details of their growth. The salient points may be indicated thus: first, the early subjection of the cities to the barons, attributable to the feudal system, which however was far less important in Spain than in Italy or France, and had no effect whatever in the Basque provinces; second, the general movement for liberty and independence which developed under the influence of the Crusades and which aimed at obtaining privileges and immunities from the kings; third, the concession of the liberties sought for from various motives of royal policy — the increase of royal power and the restriction of that of the great lords, the stimulation of the growth of towns, the regulation of taxation, *etc.* Before taking up the municipal fueros, let us consider the general code on which they were so largely based.

The Fuero Juzgo.

This body of law dates probably from the seventh century. Alphonso de Villadiego assumed that it originated in the fourth council of Toledo, or at least under the Gothic kings. Up to the time of Receswinth, the Visigothic king who digested the code, Spain had used the Roman law as contained in the Breviary of Alaric. This latter was gradually superseded, however, by the *Fuero Juzgo*, which became the sole code. Its translation from Latin into Spanish was probably made under Alfonso X.

As to the general scope and character of the code, Guizot's account is most just:

> All subjects of legislation are there met with. It is not a collection of ancient customs nor a first attempt at civil reform; it is a universal code, a code of political, civil and criminal law, a code systematically digested with a view of providing for all the needs of society; but it is also a system of philosophy — a doctrine. It is

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preceded by, and here and there interspersed with, dissertations upon the origin of society, the nature of power, civil organization and the composition and publication of laws; and not only is it a system [of legal philosophy] but also a collection of moral exhortations, warnings and advice. The *Forum Judicum*, in a word, bears at once a legislative, a philosophical and a religious character. It partakes of the several properties of a law, a science and a sermon. The cause is simple: the law of the Visigoths is the work of the clergy. It emanated from the councils of Toledo. They were the national assemblies of the Spanish monarchy.

The code contains 592 sections, divided into twelve books.[1] The twelfth book, concerning the Jews, contains in germ the formulas of the inquisition. In general, however, the code was one of the mildest and most just of the middle ages. In respect to penalties for offences, it was distinguished from the Frankish codes by making all men equal before the law. The ordeals of fire and water were reserved for grave cases; torture, for capital offences only. The principal punishments were fines, the lash, banishment and servitude.

In respect to domestic relations, the influence of both the Roman law and Christian doctrine is clearly traceable. Marriage was encouraged in various ways, not only with a view to the increase of population in general, but with reference to fusion of the races. The matrimonial contract was conditional on the consent of the parents, and the bride's dower (furnished by the husband) was one-tenth of his estate. Divorce was obtainable only on Scriptural grounds.

From a linguistic standpoint the *Fuero Juzgo* was to the Spanish Language what Luther's Bible was to the German.

The Fueros of Leon and Castile.

Of the provincial charters the oldest that we have seems to be the fuero of Leon. Alfonso V granted this to the Cortes of Leon in 1020. It contains thirty sections, to which have been added the legal opinions of Alphonso VI by way of ap-

[1] Of the various editions, that of the Academy in 1815, in Latin and Spanish, is the best.

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pendix. After the fuero of Leon came those of Nájera and Burgos respectively: the former in 1035, given by the King of Navarre, Sancho el Mayor, and confirmed by his son, King Garcias. The *Fuero Viejo* of Castile, granted by Count Sancho (995–1015), was published by Pedro of Castile, but the date of its formulation is uncertain, though about 992, according to Schmidt. Though now obsolete, its publication became necessary to define the prerogatives of the aristocracy.

Some charters were offered especially to foreigners, as the *Fueros Francos*. Of the capitulations granted the Moors and Jews, the oldest is that of Huesca (1089). These were common in the frontier towns and especially in places which had been recaptured from the Moors (*e.g.* Oloron in Béarn, 1080). Jaca's fuero dates from the Moorish expulsion, and was confirmed in 1063.

The most important of the municipal fueros of Leon and Castile is undoubtedly that which Alfonso VIII gave to the city of Cuenca.[1] Even in the time of Alfonso the Wise, this fuero was held in the highest honor by jurists, and its provisions, either entire or in part, are found verbatim in the fueros of Alcázar, Alarcón, Placencia, Baeza,[2] Consuegra and Sepúlveda.

The importance of these Spanish town charters can hardly be overestimated, from the standpoint of either social or political history. They throw the clearest light on the domestic life of the time, and they mark an important stage in the development of the national state. The communes of Spain were of greater antiquity than those of other countries of modern Europe, Italy perhaps excepted. Through the fueros the members of these communities gained all the security that law could give them for their persons, their honor and their property. No person duly enrolled on the list of citizens could be punished with loss of life or limb, or deprived of

[1] *Cf.* Schaefer, Geschichte Spaniens, vol. ii, p. 428.

[2] Marina has shown that the careless scribe very often forgot even to substitute Baeza for Cuenca in the transcription.

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his property, except by sentence of a court of law in conformity to the fuero or charter of his town. If a king issued an order contrary to this privilege, anyone who executed the illegal mandate was liable to the *lex talionis*.

In addition to these municipal charters, it only remains to mention the great code of Alfonso the Wise, begun by his father, Ferdinand III, which from its seven parts was called *El Setenario*, or *Las Siete Partidas*.[1] This was a compilation drawn from the Pandects, the canon law, the *Fuero Juzgo* and other sources. It was finally adopted as statute law in Castile and Leon in 1348. Supplemented by the eighty-four *Leyes del Toro* of Ferdinand and Isabella, revised by Philip II, it has constituted the basis of Spanish jurisprudence to the present day.

The struggle between constitutional liberty and royal prerogative in Castile presents no such striking peculiarities as in Aragon and cannot be as accurately traced. From the ancient laws it appears that the monarch was elected by the clergy, nobility and people, but that his prerogative was extremely limited. The Cortes was almost coëval with the constitution, and it exerted pressure on the king by the familiar device of withholding money-grants till all business relative to the public welfare had been transacted.

The Castilian nobility, with its two grades, the *ricos hombres* and *hidalgos*, or *caballeros*, maintained a degree of freedom unknown even in contemporary England. The *ricos hombres* claimed the privilege of remaining covered in the royal presence and of approaching their sovereign as equals. The right of private war was fully secured to them. It was not till the time of Charles V that the royal policy effected finally the overthrow of the nobility and the suppression of the liberties of Castile.

[1] The titles of the seven divisions embody an acrostic of King Alfonso's name: A servicio de Dios; La fe católica; Fizo nuestro señor Dios; Onras señaladas; Nascen entre los homes; Sesudamente dixéron; Olvidanza et atrevimiento. This code, as well as the municipal fueros, received exhaustive scientific discussion in Marina, Ensayo historico-critico sobre la Legislacion de Leon y Castilla.

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Aragon.

Aragon resisted longer the increasing power of the royal prerogative. With the exception of the *Hermandad*, a union of local authorities for police purposes, the division of her Cortes into four arms instead of three (the fourth estate alone being representative), and the *Justicia*, her institutions were very similar to those of Castile. They furnish us the earliest examples of representative government, and are, next to those of the Basques, the most interesting developed in Spain. "Law first, kings afterwards," being her proud device, the king was only first among equals. This appears in the formula employed at the coronation, when in presence of the Cortes the *Justicia* declared:

> We, each of whom is singly as good as you, and who, united, are more powerful than you, make you our King on condition that you respect our fueros; if not, NO!

These words depend only on the authority of Antonio Perez, minister of Philip II, and their authenticity therefore is uncertain, but they are characteristic of the spirit of Aragonese institutions. Isabella declared openly that she wished to see the Aragonese revolt, so that she might take away their fueros. The most important embodiment of these fueros was the *Privilegio General* granted to the nobles and burghers by Don Pedro in 1283. This document is comparable with that wrested from King John at Runymede in 1215. The barons of Aragon, united for the defense of their fueros, compelled the grant of the charter at Saragossa. It was a confirmation of ancient privileges and, like *Magna Charta*, it included all classes alike. But, as Prescott says: "It differs from the *Magna Charta* wrested from King John by being conceded, however reluctantly, not by a pusillanimous prince, but by one of the ablest monarchs who ever sat on the throne of Aragon."[1] Hallam considers the *Privilegio General* even more satisfactory than *Magna Charta* as a basis of civil liberty. It was certainly as

[1] Ferdinand and Isabella, I, 74.

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highly appreciated by the people of Aragon, and the subsequent evasions and confirmations of its provisions are entirely parallel to constitutional development in England during the thirteenth and succeeding centuries. In the struggle for the enforcement of the privileges already obtained, Alfonso III, in 1287, was induced to grant the extreme right of "union," which was merely an authorization of the nobles and towns to take arms against the king. This right of revolt, however, lasted only until 1348, when Pedro IV, having crushed a rising of the nobles at Epila, abrogated all charters authorizing "union."[1] Though Pedro's policy greatly increased the power of the crown, it was still limited by the authority of the *Justicia*. The office, according to Aragonese authorities, corresponded in some measure to the Ephori at Sparta, and to the *corregidor* of the Basques. The justiciar, endowed with powers both executive and judicial, was primarily guardian of the fueros, and he could interpose his authority against royal acts, even if not solicited. His person was sacred, and for the conduct of his office he was accountable to the Cortes only. The office was in existence for nearly five centuries, — from the twelfth to the seventeenth, — and becoming more and more important in its later days, was the object of the greatest jealousy on the part of the monarch. As the *ricos hombres*, or nobles of the first rank, were exempt from corporal punishment, the justiciar was chosen exclusively from the equestrian order, and he held by a life tenure. The exaggerated dignity of this officer is illustrated by the fact that in administering the oath of coronation he remained seated and covered, while the monarch kneeled bareheaded and swore to maintain the liberties of the people. The important functions of the office in protecting the subjects lasted till Philip II, who hanged the incumbent and made the office appointive.

[1] It was at this time that occurred the famous incident in the assembly convoked by Pedro at Saragossa. Having cut the charter of "union" with his dagger, he wounded himself and allowed his own blood to efface the writing, declaring that "what had already cost so much blood should be redeemed by his own." In this way he won the surname "El del Puñal." Zurita, tome ii, p. 229.

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The Basque Fueros.

The Basques are the most interesting of all the peoples of Spain. No contrast could be more marked than that between these active mountaineers and the haughty grandees of Castile and Andalusia. The love of freedom which proverbially finds its home among the mountains has characterized from the earliest time the men of the Basque provinces, and has manifested itself in the preservation of special political privileges almost to the present day. During all the turmoil that followed the Teutonic invasions, the Basques remained always free, if not completely independent; and while the rival Christian kingdoms of Castile and Navarre grew up around them, they still preserved their liberties. In the fourteenth century the lordship of Biscay, which included the territory of the Basques, became connected with the crown of Castile, but through a treaty by which the privileges of the people of the lordship were preserved.

The term "Basque provinces" designates the three divisions, Guipúzcoa, Vizcaya (Biscay) and Álava.[1] On account of their peculiar privileges they have also been known as the "exempt provinces." Their fueros may be traced to two sources: (1) the *Fueros Generales* and *Fueros de Albedrío*, which had their birth in the necessities of pastoral life; (2) laws copied from the ancient Latin municipalities.

The fueros of Vizcaya are the most democratic in character. They grew up in the contests of the inhabitants with their counts, and were probably first collected into a code by Count Juan in 1371. After the final union of Biscay with Castile they were recast (1526), completed and confirmed by the Emperor Charles V.

This final connection of the Basque land with Castile was effected in 1379 on the principle of personal union. The King of Castile became Lord of Vizcaya, and it was by this latter title

[1] The French Pays Basque, including Labourd, Basse Navarre, la Soule and the Vallée d' Aspe, has essentially the same characteristics as those here described.

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that the Basques continued to know the Spanish king to the present century. In assuming the lordship of Viscaya, Don Juan, the Castilian king who first united the dominions, swore at Guernica that he and his successors would maintain the "fueros, customs, franchises and liberties" of the land. The obligation to take this oath in person at the same place long remained binding on the Spanish sovereigns, at least in theory; but in practice the journey, though announced, was invariably postponed to *mañana*, the morrow that never comes.

From the time of the union royal policy was steadily directed toward the establishment of more real authority over the Basques, but the latter clung desperately, and for the most part successfully, to the original principle. A leading article of the Basque fueros exempted the people from taxes not voted by themselves. Henry IV, the successor of Don Juan, sought to violate this principle, but the bearer of his demands was slain by the Guipúzcoans. An attempt of the same king to bestow Basque lands on court favorites was followed by his formal deposition from the lordship of Biscay and the acknowledgment of his sister, Isabella of Castile, in 1473. The oath taken by Isabella is interesting both for its local coloring and for its constitutional importance:

> I, as Princess and Lady of the said towns, lowlands and lordship of Biscay, with all places adjoining and adhering to the same, bind myself once, twice, thrice; once, twice and thrice; once, twice and thrice; according to the fuero and custom of Spain, on the hands of Gomez Manriquez, knight, man and noble, who receives this my homage; and I swear to our Lord God, to the holy Virgin Mary and on the sign of the cross, which corporally I touch with my right hand, and on the words of the Holy Gospels, in whatsoever place they may be, to maintain firm, good, valid and binding now and for all time to come, the said privilege, general and special, fueros, usages and customs, franchises and liberties of the said towns and lowlands of the said country and lordship of Biscay and of all the places adjoining and adhering to the same.[1]

Isabella respected the Biscayan fueros; but when the absolute monarchy had been thoroughly established in Spain, an

[1] Cuerpo del Fuero de Vizcaya, fol. 282.

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attempt was made by Philip III, in 1601, to levy duties by royal ordinance. The resistance of the deputies raised so threatening a storm that the king was glad to withdraw the ordinance.[1] A more recent affair of the same character is suggestive of incidents in American history. Under Godoy, in 1804, a stamp tax was imposed on the Basques to aid the general revenue. But the deputies, having declared the law an infringement of their liberties, ordered the stamps burned by the common hangman under the tree of Guernica.[2] And finally, the devotion of the Basques to the Carlist cause, which has been so conspicuous during this century, is due in a great measure to gratitude for the opposition raised by the first Don Carlos, in the council of state, to the projects of Ferdinand VII, which involved infringement of the Biscayan fueros.

The organization under which the practically autonomous government of the Basque provinces was carried on was thoroughly pervaded with primitive democracy. The leading features of this organization in Vizcaya, where it was most complex, were as follows. At the foundation of the system were two assemblies, the one ordinary, called the *junta general*, the other extraordinary, known as the *merindad*. The *junta general* consisted of deputies from the towns, villages and hamlets of the lordship, together with the *corregidor* and three lieutenant *corregidores* appointed by the crown, but with no vote in the assembly, and six *regidores* (minor magistrates) and two popular tribunes appointed by the assembly.

The royal *corregidor* had to be a native Basque, and his functions were strictly those of intermediary between the local and the central authority. The supreme power was invested in the *junta general*, by which the *regimiento*, or magistracy, was appointed. The deputies assembled every two years, on even years, under the oak of Guernica, near the village of that name. Here, in the presence of the *regimiento*, sitting on stone seats, the 108 *procuradores* stood with uncovered heads and took the oath to maintain the fueros and respect the rights of their lord. The *procuradores* then proceeded to the

[1] Recopilacion, fol. 301. [2] Herbert, Basque Provinces, p. 262.

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adjoining chapel, reviewed the list of the deputies, or "good men," as they were called, and opened the session. Priests and lawyers were ineligible as deputies. One lawyer (*letrado*) was summoned in the quality of *asesor*, but without the right to vote. "He was considered a consulting authority," says Webster, "and no other member of the profession was allowed to even enter the town where the *junta* was held, during the sessions." The sessions were open and free to everybody, not secret as in Guipúzcoa.[1] The debates were indiscriminately in Basque and Spanish, but were published only in Spanish.

The regular sessions of the *regimiento* (composed of eighteen members) took place twice a year.

The executive of the province was called the *deputacion de gobierno*. It controlled the acts of the *corregidor* sent to Madrid and all the administrative, military and judicial measures. It superintended the collection of taxes laid by the junta of Guernica. It decided as to the proofs of nobility and domicile and exercised a general supervision over such acts of the *corregidor* as touched the fueros.

Omitting minor points, the essential features of the Basque privileges may be summarized as follows :

1. Freedom of pasturage, passage and commerce in all the territory belonging to the general community.

2. Complete personal independence for every individual. This principle was carried even into civil process. The person of the debtor was inviolable, as well as his house and his horses.

3. The right of self-defense against everyone, — the lord or seigneur, laic or ecclesiastic, pope or emperor. The killing of the royal messenger, mentioned above, was regarded as a proper exercise of this right, and the three provinces joined in protecting the slayer as defender of the fueros.

4. Exemption from the obligation to do military service, except (1) in time of war, (2) in their own province and (3) at the

[1] Mr. J. Wentworth Webster is a most valuable authority on this subject, but there appears to be a discrepancy in his statements of 1882 and 1888 respectively, as to the sessions being open. The fact seems to be that the practice varied, and that in Vizcaya the sittings were open, whereas in Guipúzcoa and Álava they were held "*a huis clos*."

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command of the *junta*. This service would correspond to the German *Landsturm*, which can only be called out in time of invasion. The *junta* of Guipúzcoa required every one between sixteen and sixty years of age, and capable of bearing arms, to have firearms and to be ready for mobilization. Recruits could not be led beyond "*el arbol malato plantado en Luyando*" in Vizcaya, without the consent of the *junta*, and even with that consent they received pay for three months in advance or a sufficient guarantee to secure it.

5. The absolute exclusion of royal troops from the country except in case of a few towns. This exception is rarely mentioned.

6. The Basque contingents of the royal army always to have Basque officers. Gonsalvo de Córdova, after some experience in the matter, said that he would rather command wild lions than Basques.

7. Exemption from every royal tax or impost. The money voted by the *juntas* to the King of Spain was a free gift (*donativo*), never a tribute. This gift was voted only in extraordinary cases, and only when all the other questions of the government had been settled. The only exception to the rule — the only tax levied (and that only in Guipúzcoa) — was the *alcabalá*, upon the importation of foreign wines and the sale of iron in the province. This, however, hardly brought in 42,000 reals. The sale of salt and tobacco was free, and there was no tax on timber or contracts or inheritance.

8. Entire freedom of commerce, both internal and external. The Ebro, on the south, was the only line of any restriction, and this line was subject to all sorts of special arrangements. The right of free commerce was always a source of especial contention between the Basques and the royal authority, and it was only by the utmost vigilance that it was preserved against the jealousy of the kings and of the other provinces.

9. The enjoyment of the rank and privileges of *hidalgos*. All who could prove Basque parentage for two generations claimed to be "noble." The logic was this: The Basque was a freeman in law and fact; but the only man thus free was the

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noble: therefore the Basque was noble. (As decapitation was reserved for nobles exclusively, an old Spanish writer says that in more than one case nobility was established simply by evidence that an ancestor had been decapitated.) This so-called nobility meant little more than exemption from servitude and taxation, but it furnishes an element in the pride of the peasant and the poorer classes.[1]

On the side of private law there was a marked distinction between the system of the towns and that of the country region (*terra llana*). The towns were regarded as pertaining in a certain sense to the crown, and accordingly the principles of the Castilian code were recognized. In the country the Basque fueros were maintained in their purity. As an example of the difference may be cited the rule as to testamentary disposition of property. In the towns the father's right of bequest was limited to a third or a fifth of the property; in the country he might leave his estate to a single child, provided he secured to each of the other children "one of the highest trees, a tile and ten pence in money." Again, under the *fuero de perdón de los parientes del muerto* a murderer was exempt from prosecution in the *terra llana* if forgiven by the relatives of the victim.

A curious feature in the field of family relations was the custom of concubinage. This was a legitimate practice for both laymen and clergy and was based on considerations of "the public good and gain in population." In the fueros of Vizcaya occurred the following passage:

> Inasmuch as the clergy, being obliged to lead a life of celibacy, are continually committing divers immoralities *etc.*, and endangering the peace of families, — now, in order that they (the *curas*) shall have no excuse for corrupting our wives and daughters in future, they shall be allowed to maintain one or two concubines (*barraganas*) in their houses.[2]

[1] Compare the meeting of Don Quixote with the Biscayan. "What, me no gentleman!" cried the wrathy peasant, "I swear thou be a liar, as me be Christian. If thou throw away lance and draw sword, me will make no more of thee than cat does of mouse. Me will show thee me be Biscayan and gentleman by land, gentleman by sea, gentleman in spite of devil; and thou lie if thou say contrary."

[2] *Cf.* Marina, Ensayo, art. 207.

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The relations arising from the practice of concubinage were minutely determined by the laws. No reproach or loss of privilege attached to the offspring. The children of a *barragana* preceded collateral heirs in the succession to the father's estate, and in the absence of any specific provision for them they could even share the inheritance with the children of the wife.[1]

An attempt in the thirteenth century to crush out the practice, especially among the clergy, met with little success; and when, in the time of Don Pedro (1351), it was in a measure done away with, prostitution took its place.

The governmental organization and fueros of Vizcaya were substantially those of all the provinces of the Spanish Basques. The differences are of slight importance. For example, while the general *junta* of Biscay met once in every two years, as stated, that of Guipúzcoa met every year, and that of Álava three times a year. If the *corregidor* of Guipúzcoa was absent, the presidency of the *junta* belonged to the *alcalde* of the city or borough where it is assembled. The *Hermandad* of Guipúzcoa was a republican federation composed of about one hundred cities, all having the right to become the seat of the general *junta*. This *junta* was composed of sixty-six civil officers, called *procuradores*, or commissioners, also under the presidency of a *corregidor*. In Álava the constitution was nearly the same. A peculiar feature here was the right enjoyed by the wives of the *hidalgos* of voting in the *junta*.

In the details of political and social life, in short, the fueros of the Basques varied from valley to valley and village to village as greatly as does the language, of which there are twenty-three varieties and eight dialects. Institutions and language agree in marking these mountaineers as a peculiar people.[2]

[1] *Cf.* Fraser, vol. xxii, p. 50.

[2] The Basque language has been a stumbling block to the philologists, and its peculiarities, from the standpoint of its neighbors, have been the subject of many gibes. Some one has described it as "written Solomon and pronounced Nebuchadnezzar"; and there is a saying that the devil studied it seven years and only learned three words. The use of *v* and *b* interchangeably is the basis of Scaliger's famous *mot:* "Happy the people to whom *vivere est bibere.*"

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In resisting the constitutional liberalism of the present century the Basques lost their fueros. When the constitution of 1812 was put in operation they perceived that under this system their special privileges would be threatened, and it did not require the formal abolition of their fueros by the Castaños government, in 1833, to throw the mountaineers into a passionate support of Don Carlos. Failing to comprehend the general liberty which constitutionalism involved, they saw in the Liberals only the assailants of their ancient rights. The Conservatives and Clericals represented the old order in church and state, and Don Carlos stood for legitimacy and divine right. Though in the heat of war this sovereign whom they recognized showed small respect for their precious fueros, they trusted that he, like all his absolute predecessors, would in peace restore them as before. In the war that lasted from 1833 to 1839, the Basques fought as freedom-loving mountaineers have always fought, but victory was not for them. By the treaty of Vergara, however, though they recognized Isabella, they retained their fueros. The second Carlist War, 1872–76, had a different outcome. After the suppression of the insurrection, at the accession of Alfonso XII, the abolition of the fueros was decreed by the Cortes, and, after a noisy opposition, was put into execution. The three provinces, Vizcaya, Guipúzcoa, and Álava were required to furnish annually 2,050 conscripts to the Spanish army and to pay their share of the national taxes; but they, as well as Navarre, were given a delay of ten years. At the end of this period, *i.e.* in 1886, they negotiated with Sr. Sagasta for a new delay of one year, and in the course of that winter Queen Christina made it indefinite in time. This was only a bit of state policy, to soothe the Carlists, and its effect was evident when, in 1887, even the most devoted adherents to the cause of the pretender joined in a cordial reception to the queen on her visit to their country. A compromise with the central government, by which $300,000 is paid as an equivalent of all taxation, has left these mountaineers a measure of independence in civil and municipal administration. But the autonomous institutions for

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which they fought and bled are gone. Formerly they were a republic *de facto*, and they themselves used the name *republica*, — as did, in 1693, the inhabitants of the Vallée d'Aspe and as Andorra does still.

Though it has been claimed that the Basques, in supporting Don Carlos, were fighting for civil and religious liberty, there is room for the suspicion that they fought more for a privilege than for a principle. They had immunities not shared by the other provinces of the kingdom; and such a situation was inconsistent with the spirit of the times. It seems, therefore, as if one large element in their action was pure selfishness. As one has expressed it, they possibly fought more for immunity from just taxation than for constitutional liberty. Yet even if this were true, it was a late manifestation, — not the actuating principle in the earlier history of the people. But whatever view is taken on this question, an allowance must be made, even in its later phase, for the ignorance and superstition of the Basques. Only with such allowance can the strange contradiction be understood of "Republicans fighting for divine right." In the Carlist wars the Basques stood out against the ideas of national unity; they therefore became an obstacle to progress. Their very fueros had outlived their usefulness and had become an instrument of tyranny. It was best that they should perish.

Wm. T. Strong.

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CAMPBELL'S PURITAN IN HOLLAND, ENGLAND AND AMERICA.[1]

THOUGH the general scope of Mr. Campbell's book is clear enough, yet he cannot be said to have stated with scientific precision either the theory against which he is arguing or that which he proposes to put in its place. He finds that previous writers have assigned to the political institutions and to the moral and intellectual life of the United States an English origin. This theory he opposes, arguing that Holland rather than England is the parent of the United States. The influence of Holland on America, he contends, was twofold: first, direct, through the foundation of New York, and through immigration to the United States; second, indirect, through the Puritanism of early New England, which, he holds, was mainly Dutch.

Mr. Campbell after all is not severed by an absolute gulf from the predecessors against whom he argues. No sane man would deny that Dutch influence, working as he suggests, has counted for something in determining the character of the United States. Even Mr. Campbell would hardly deny that the founders of Virginia, of Plymouth and of Massachusetts took out something which was proper to them as Englishmen, something which has had an effect on the lives of their descendants. The question really is: What is the extent to which each of the two forces in question has acted? This from its very nature is not a question which can be answered with scientific exactness. The fusion of elements in national life is chemical, not mechanical. To ask which of the characteristics of modern America are of Dutch origin, which are of English, which have been developed by special conditions of life (the possibility of this third class does not seem to occur to Mr. Campbell), is rather like asking whether the rocks, the sky, the trees or the water have most to do with determining the character of a landscape. A nation's life is an organic whole, not a patchwork. Nevertheless, there is no doubt room for good historical work in tracing the origin and course of particular institutions. And it may be that those laborious and scholarly writers who have endeavored to show how

[1] The Puritan in Holland, England and America. By Douglas Campbell. New York, Harper & Brothers, 1892. — Two vols.

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English land tenure and local government have lived on in America, have exaggerated their case. Dutch institutions and ideas may have survived more largely and played a more important part in America than has been commonly thought. There is plenty of scope for an able and learned writer in examining these questions.

A work on the lines thus suggested might have been of great interest and profit. Unfortunately it is at once manifest that Mr. Campbell has not the knowledge required and that he has a most inadequate conception of the nature of historical evidence and historical research. It is plain that he formed his conclusions at a very early stage of his studies and that he has since followed up the matter not as an inquirer but as an advocate. He shows no anxiety to sift facts and discriminate between authorities. Modern writers are quoted as if they were contemporaries. And even in his study of modern writers, Mr. Campbell seems almost to have confined himself to those whose conclusions agree with his own.

The work begins with a short sketch of the economic and social condition of England at the present day. Here the author deals with his subject in a fashion which, to say the least, does not inspire one with confidence. When he says (vol. i, p. 13) that in England the church "is supported by a tax levied on every one," we rub our eyes and wonder whether Mr. Campbell has ever heard of the abolition of church rates. Equally astounding is one of his statements as to the cause of the present English land system. "The ruling classes," he tells us, "have refused to sell land to the poor." An interview with a land agent, a visit to a land auction market, would probably open Mr. Campbell's eyes. The general condemnation of the land and church systems in England may be right; but there are certainly two sides to the question. The one thing which a wise man will not do is to assume with Mr. Campbell that all the truth lies on one side and dogmatize accordingly.

Mr. Campbell traces the course of the Protestant movement during the sixteenth and a part of the seventeenth century in England and in the Netherlands. An Englishman is naturally better able to judge of the former part of the work. It is not an exaggeration to say that Mr. Campbell has not brought forward a single new fact or original inference. Everything that he has to tell us is to be found in such easily accessible writers as Hallam and Froude. Mr. Campbell has not even been at the trouble of verifying their statements by any reference to original authorities. One cannot perhaps better illustrate the character of his work than by one or two of the pitfalls

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into which he has thus been led. He tells us (vol. i, p. 453) that Parker "accumulated an enormous fortune by wholesale corruption," and that "*among other things*, he *established* a fixed tariff for the sale of benefices" (the italics are mine). For this startling charge of wholesale simony Mr. Campbell refers us to Froude, volume xi, page 100. The only authorities which Mr. Froude gives us are two state papers. One is a financial statement of the condition of the revenues of Canterbury, drawn up a year after Parker's death and endorsed by Grindal. It is there stated, without any implication of blame, that Parker annulled all the dispensations granted by Pole and issued fresh ones. The other document is a resolution of the privy council abolishing dispensations. This Mr. Froude says was "evidently directed at Parker's practices." The evidence, however, Mr. Froude does not adduce. The expression, too, "Parker's practices" is somewhat invidious. Even on Mr. Froude's showing, there is not a tittle of evidence to prove that Parker "established" anything. No doubt the system of dispensations was a thoroughly bad one. No doubt Parker accepted it as part of the machinery which he found in existence and did not reform it. How far a man is to blame for not taking in hand a particular reform, is a question which can only be judged by reference to his whole career and circumstances. But there is a wide difference between a man who as an official acquiesces in a corrupt system, and a man who, as Mr. Froude implies and Mr. Campbell states, devises a corrupt system for his own personal emolument. Mr. Campbell might have reflected that if Parker had really practised wholesale corruption, and if the dispensation system as described was only one "among other things," some trace would be visible in the controversial literature of the age — a literature to which Parker's enemies contributed largely — and so experienced an advocate as Mr. Froude would not have had to build his case on two documents written after Parker's death.

In another place Mr. Campbell is led astray by his unquestioning reliance on Hallam. We are told (vol. i, p. 470) that Whitgift "was ignorant, probably not even knowing Greek." But Mr. Campbell must have known that Whitgift was Margaret Professor of Divinity at Cambridge and lectured on the Apocalypse, and one might have thought it strange that a divine of any distinction should have been such a thorough-paced impostor as Whitgift was on this showing. If Mr. Campbell had sifted the case with ordinary care, he would have found that Hallam's authority was the editor of the *Biographia Britannica*, Kippis, who was born in 1715. Kippis's words are:

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"His [Whitgift's] learning seems confined to the Latin language, as Hugh Broughton often objected to him." Now if Broughton be good as a witness against Whitgift, he is good as a witness for him. When Broughton was engaged in a controversy with Reynolds on the nature of Christ's descent into hell, he voluntarily chose Whitgift as one of the arbitrators to whom the controversy might be referred. The fact is that Broughton was a very learned, very dogmatic and somewhat wrong-headed controversialist. If Mr. Campbell knows anything of the literary history of the sixteenth century, he must know that differences of opinion as to the value of a preposition or the position of an accent often gave occasion for charges far heavier than that of mere ignorance. We may be pretty sure that if Broughton did charge Whitgift with ignorance of Greek, he only meant that they differed as to the interpretation of certain passages. In any case, however, Mr. Campbell might have settled the question by a very simple test. If he had turned to Whitgift's own published writings, he could scarcely have gone through a hundred pages without finding ample proof that the writer knew Greek. Whitgift may have been wrong-headed and ill-judging as an ecclesiastical politician; but they must have a very high standard of scholarship who deny him the title of a learned man.

Hallam and Froude are not the only authorities whom Mr. Campbell follows. He relies not a little on Mr. Hubert Hall's *Society in the Elizabethan Age*, a book published in 1886. Mr. Hall is an antiquary of considerable learning. He is also evidently a man with exceedingly strong views as to the morality of the Reformers and of those who followed in their steps. He avowedly writes as an advocate. But the fact that he never cites a single reference or gives the reader any opportunity of testing his statements, puts him out of court as a serious witness. He might no doubt be a suggestive guide to any one who followed up his line of research independently. It is, however, but just to Mr. Hall to say that he makes no claim to the sort of authority which Mr. Campbell gives him. He frankly admits in his preface: "I have followed my personal inclinations in the historical coloring of my materials." And this is the writer whom Mr. Campbell quotes as one might quote Thucydides on the Syracusan expedition, or the Wellington Despatches on the Peninsular War.

As to his general estimate of the English Puritans and their opponents, I would only say this: Mr. Campbell throughout writes as if the rulers of the church were fighting against the existence

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of Calvinistic doctrine and that absence of ritual which usually accompanied such doctrine, as things which might be tolerated within the church. He forgets that the Puritans, fully as much as their opponents, were fighting not for toleration, but for dominion. That really was the strength of the position of Parker and Elizabeth. They had at their back a mass of people who cared little about doctrine and had no enthusiastic devotion to Anglican ritual, but who at an early stage of the conflict clearly perceived, what later events amply proved, that the little finger of the presbyters would be thicker than the loins of the bishops.

When Mr. Campbell crosses the Atlantic he fares somewhat better. He has no doubt succeeded in showing that many good things which the citizens of the United States enjoy, judicial, forensic and administrative, are not of English origin. He has also shown, and this is the best and most original part of his work, that there is at least a strong presumption that many of these good things came from Holland. To discriminate carefully between the Dutch and the English elements in American jurisprudence and American institutions and in the conceptions which have animated those institutions, would have furnished scope for a very interesting work. Yet I venture to think that such a work would have needed greater gifts of historical investigation and greater power of weighing evidence than are manifested by Mr. Campbell; nor need it have been encumbered, as Mr. Campbell's work is, by an epitome of such a well-known writer as Motley.

There is one of Mr. Campbell's claims which he may I think be fairly asked to abate. He thinks that it is to the example of the Netherlands that the American nation owes its republican form of government. But in fact the founders of the federal republic had no other form of government open to them. Monarchy was too deeply tainted with evil associations to be thought of. George III had a far larger share than the founders of the Dutch Republic in making the United States republican. No doubt Holland furnished a very valuable example of federalism. But on the other hand we must remember that the system of an executive head and two chambers was one with which almost every state was practically familiar in its own local constitution. It is a matter of historical evidence that those constitutions were in their original form framed by Englishmen, and it is a matter of almost certain inference that the framers were largely influenced by the example of the mother country. And as to Mr. Campbell's main contention, one is tempted to say: *Quis*

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negaverit? What school of writers have ever held that Americans were nothing more than transplanted Englishmen? No reasonable man can ever have denied that the social, political and intellectual life of America has in it elements other than English. What the New England historians against whom Mr. Campbell seems to protest have emphasized is, the fact that the English colonists who founded New England carried out with them certain institutions which served as a natural and appropriate machinery whereby their political life could develop itself, and whose influence, widening outwards, has done much to affect the political life of the whole republic. And I think few impartial readers will say that Mr. Campbell has overthrown that view.

The best practical test of his theories is the early history of New England and New York. According to Mr. Campbell all that was good in New England Puritanism came originally from Holland. How was it, then, that New Netherland, with pure Dutch institutions and animated by pure Dutch principles, did not far outstrip the diluted imitation? Whether it did so, I leave contentedly to any one who has studied the early life of the Dutch colony in the pages of that singularly laborious and judicial writer, Mr. Brodhead. What had New Netherland, before it became New York, or for half a century after, to set off against the great New England leaders, at once men of learning and men of affairs. When the New England colonies were in all but name self-governing republics, the inhabitants of New Netherland accounted it a triumph if they could wring from their rulers some miserable and transient imitation of popular election. Every New England township had an intense and even exaggerated sense of its own corporate life. New Amsterdam, with its eighteen languages, was a *colluvies omnium gentium*, without cohesion or self-reliance. Compare the docility with which New Netherland acquiesced, first, in English conquest, then in Dutch reconquest, then in restitution, with the vigorous protest of New Haven when she was absorbed by the kindred state of Connecticut. Take again the revolution of 1688. When the people of Massachusetts drove out Andros and were left without a ruler, they at once fell into line as a disciplined and organized community. The people of New York, under like conditions, became a helpless mob and fell under the sway of that shallow and reckless adventurer, Leisler.

Nor can any one read the history of the struggle against the mother country and fail to see that it was the peculiar training of New England which enabled her to stand in the forefront of the bat-

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tle. Mr. Hosmer, the biographer of Samuel Adams, does not err when he calls his hero "the man of the town meeting." In Massachusetts every popular feeling, whether begotten of genuine conviction, or stimulated and even created by ambitious and at times unscrupulous leaders, at once found articulate utterance.

Mr. Campbell may perhaps reply that all this was due to the influence of the Puritan founders, and that these founders had learnt such from their Dutch associations and sympathies. I can only answer that it seems paradoxical to say that Holland transmitted to her foreign disciples what she failed to transmit to her own children.

This is far from the same thing as a claim on behalf of New England for high moral or even mental superiority. Throughout her career she has had the defects of her qualities. Her history reveals much that is unlovely, not a little that is culpable. From the days of Endicott to the days of Pickering and the younger Adams, she was narrow, intolerant, unscrupulous with the unscrupulousness of one-sided conviction. But she never lost that self-reliance, that strong sense of corporate life, without which republican institutions are idle forms. So far as the life of the American republic has been animated by these qualities, she owes them largely to New England and to the Englishmen who founded New England.

JOHN A. DOYLE.

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REVIEWS.

History of the United States, from the Compromise of 1850. By JAMES FORD RHODES. Vols. I and II, 1850–1860. New York, Harper & Bros., 1893. — x, 506, 541 pp.

Almost thirty years have now passed since the great civil war in the United States — a period of time usually allowed to mark the life of a generation. The great majority of those who live and act and write to-day had little or nothing to do with the struggle. It would seem, therefore, as if the time had at last come for something like an impartial narration of the events, and an unprejudiced presentation of the ideas, which prepared the way for that demonstration of fratricidal fury.

I hoped, when I opened the book of Mr. Rhodes, to find such a history. It is reasonable to expect that it should come from the North earlier than from the South. The victorious party should be the more generous and is usually the more fair. I have not been wholly disappointed in my hope, though I must confess to a partial disappointment. Mr. Rhodes had a great opportunity for mediating a more complete reconciliation, and he has not made full use of it.

The first one hundred and fifty pages of his book, in which he surveys briefly our history down to 1850, contain little more or other than the views that Professor von Holst has already presented. We meet here the familiar declamation about the virtues of the abolitionists and the iniquities of everybody else, and the same one-sided criticisms upon the administration in the Texas question, the Oregon question, and all the other policies of the government for the fifteen years before 1850.

The study of Webster's 7th of March speech seems to have relieved Mr. Rhodes somewhat of his abolitionist prejudices, and from the point when that great exposition comes into his history, he assumes a more independent and impartial attitude. In the next one hundred and fifty pages, the author appears at his best, and shows himself worthy to be called an historian. His estimate of Fillmore's administration is fair; his literary history of *Uncle Tom's Cabin* is most graphic; and his account of Webster's last hours is solemn and impressive. In this part of the work the style is excellent and the pen portraiture is fine.

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In the next chapter, however, the fourth, which has the institution of negro slavery for its subject, the abolitionist assumes again the historian's place. For several years of my own life, I saw slavery face to face, and while the impression which it made upon me was one of decided aversion, I must say that I recognize with difficulty the picture which Mr. Rhodes paints. If a New York artist should unite in a single portrait the deformities of a dozen men whom one may meet any day in the Bowery, throw in a few good points, and call the result the portrait of the average New Yorker, everybody would unhesitatingly denounce the thing as a caricature of the personal appearance of the male population of the city. And yet this is just the method which Mr. Rhodes and all other abolitionist writers upon slavery have followed. In fact, it is the method which historians of any but the first order usually follow. Most histories are but accounts of the excrescences of civilization. They are little more than the record of what is sensational and exceptional. The regular and ordinary course of life, both of individuals and nations, is too humdrum for the average historian to write about, or the average buyer of books to read about; but it is the only true history, and none but the true historian can depict it. The time has gone by when it was necessary to exaggerate the evils of slavery in order to nurse the passions of men for its overthrow. The time has arrived for the cooler impartial study of the nature of this temporary relation between the highly civilized white race and the deeply barbarous negro race — for the discernment of the great problem of history which was solved through this relation. Such study Mr. Rhodes has not pursued, and of such discernment he has not given the slightest evidence.

While reading this chapter, I entertained the hope that, after relieving himself of the fullness of anti-slavery feeling, Mr. Rhodes would regain the more impartial tone of the previous chapter; but this hope has not been entirely realized. The spirit of his section maintains its grasp upon him from this time forward. The way in which he lays the bare hand upon Douglas, and gloves himself in softest fur when touching Seward, in regard to the Nebraska Bill and Popular Sovereignty, is not edifying, to say the least. He plainly intimates that Mr. Douglas invented this doctrine and framed this measure for the purpose of securing Southern support in his ambitious plans to reach the presidency. This is a serious indictment. It means nothing more nor less than that Mr. Douglas was willing to destroy the quiet of his country, which

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the Compromise of 1850 had established, in order to draw selfish advantage out of the strife and chaos which he knew must ensue. There is no satisfactory proof of this, and the subsequent acts of Mr. Douglas go to disprove it. These acts tend to show that Mr. Douglas believed in the doctrine of Popular Sovereignty most conscientiously, and thought that it would confirm the peace of his country. On the other hand, Mr. Seward ridiculed the doctrine of Popular Sovereignty, and knew that the passage of the Nebraska Bill, with its ambiguous language about the abolition of the Missouri Compromise by the principle of the Compromise of 1850, would set the whole country on fire again over the subject of slavery. Yet, according to his own confession, he incited his Whig friend, Senator Dixon of Kentucky, to move the amendment to the bill which cleared away all ambiguity and proposed directly the abolition of the Compromise of 1820; and he did this with the purpose of destroying the quiet of his country, rousing the slaveholders to violent words and deeds, and creating an issue upon which he might be borne into the presidency. There is certainly far less question as to the spirit which animated Seward than as to that which moved Douglas. Mr. Rhodes does not, however, even incorporate these facts about Seward into his text. He only refers to them in a foot-note.

The greatest disappointment, however, which I feel in Mr. Rhodes' book is caused by his perpetuation of the John Brown cult. I consider that the highest responsibility resting upon an historian is the right selection of those personalities which he holds up for the worship of after generations. The morals of the age are determined most largely by the character of its heroes. No amount of precept, religious or ethical, will have one tithe of the influence in forming the ideals of our youth that hero-worship possesses. If there is then one moment more solemn than another in the life of the historian, one when he should seek more earnestly than at another to be delivered from all prejudice, error and weakness, it is when he essays the rôle of the hero-maker. If he fails in this, he may well question if all the other good he may have accomplished has not been overbalanced. There is a mawkish notion prevalent among the members of a certain very advanced class of people in almost all parts of the world, that if you add cant to crime you lessen the crime. Some of them think that the outcome of such a conbination is the most heroic virtue. All of us judge crime more leniently when committed by persons who have views in common with us upon some important subject, and against persons whom we regard with feelings of hos-

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tility. But the moralist, the historian and the inventor of epics are under bonds to civilization to rise above such weakness.

The difference between murder and war does not lie in the purpose of the individual engaged in either, but in the fact that in the one case the individual acts upon his own responsibility, while in the other he acts as the agent of a state — of that organization which must be presumed to have the highest consciousness of right and wrong, and to preserve the most perfect adherence to the right. And even in war assassination and the killing of prisoners are not allowable. There is no question that an exaggerated notion of the right of revolution has always prevailed in the United States, but no one has pretended that any man or number of men may set up a claim to any such right on account of grievances under which they themselves do not suffer. The man who undertakes to lead a violent revolution in behalf of wrongs which he professes to think are suffered by others, is nothing more or less than a dangerous adventurer; if he takes any property in such a performance, he is a robber, and if he kills anybody, he is a murderer. He can clear himself from the punishments which attach to such a character only by that success which destroys existing law and government and becomes the basis of a new law and a new government. Measured by such principles, we can place John Brown nowhere but in the class of common criminals. He was extraordinary in the sense that he revelled in crime and made it a business, until he lost the distinction, if he ever had it, between right and wrong.

Mr. Rhodes' psychology of Brown begins in ambiguity and ends in dangerous error. He calls that atrocious quintuple murder committed by Brown and his gang on the Pottawatomie, the night of May 24th, 1856, a "massacre," in one place, and an "execution," in another, and undertakes to distinguish between the deed and the doer, so as to condemn the former, and excuse, or at least modify the condemnation of, the latter. This will do for the criminal lawyer, but not for the moralist and historian, not for the education of the rising generation, not for the civilization of the world. When Mr. Rhodes comes to the Harper's Ferry massacre, even the mild condemnation of Brown's Kansas crimes falls away. Page after page of morbid sentimentalism about the "Old Puritan" culminate in the familiar but revolting proposition that John Brown suffered martyrdom on the soil of Virginia. I myself am a descendant of Puritan ancestry, as I suppose Mr. Rhodes is, and I protest against the injustice to the memory of those revered men, which is involved in attributing

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their spirit to a robber and a murderer, even though he be of their blood. The honor of martyrdom might with less exaggeration be ascribed to those peaceful citizens of that lovely mountain hamlet, who were ruthlessly shot down by Brown's band of assassins, that had sneaked into their quiet home in the darkness of the night and seized upon its defences. The Republican convention of 1860, which nominated Lincoln for the presidency, denounced the deed as among the gravest of crimes. The people of the North held this view of it with almost complete unanimity until the license of civil war had demoralized opinion and brutalized expression. Now that reason has regained its sway and morals have been reëstablished, let us go back to the view enunciated by the convention, and sweep the mawkish and corrupting worship of John Brown out of our histories and our epics.

There are many good things in Mr. Rhodes' book. Viewed as a whole, it is in my opinion the best work which has as yet appeared on the period which it covers. But its John Brown cult has greatly injured it as a contribution to the ethics of society and the history of civilization.

J. W. BURGESS.

Three Episodes of Massachusetts History. By CHARLES FRANCIS ADAMS. Boston and New York, Houghton, Mifflin & Co., 1892. — Two vols., 1067 pp.

This work consists of three studies in Massachusetts history, the subjects being the settlement of Boston Bay, the Antinomian controversy, and church and town government in Quincy. The title would create the impression that the studies were disconnected; but in reality the varied subjects are woven together into a unity which is both true and impressive. We have here probably the most original and suggestive town history ever written in this country; for such the work really is — the history of the town of Quincy. It is also the work of one who is both a student and a man of affairs. His wide sympathies have enabled him to keep in touch with his subject in all its phases. This is evident, whether he is treating of the plans of Gorges or the new Quincy charter, the trial of Anne Hutchinson or the temperance reform of Henry Faxon. The volumes are distinguished by thoroughness of research and by a broad and philosophic spirit. They will surely take high rank among the products of American historical scholarship.

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But Mr. Adams has written what is far more than a mere town history. In his first study he traces the growth of the straggling settlements about Boston Bay till they become absorbed in the colony of Massachusetts. The pestilence which almost exterminated the Indians of the neighborhood in 1616 and 1617 and the history of the Pilgrims at Plymouth claim a share of his attention, but the real interest of the story centers in Weston's settlement at Wessagussett (later Weymouth) and the subsequent enterprise at Merry Mount, or Mount Wollaston. Though Maverick, Blackstone, Thompson and the rest of the early settlers are brought out into clear relief, the central figures on the canvas are those of Sir Ferdinando Gorges and Thomas Morton. Adopting in part the results of Mr. Baxter's recent studies, the author has given for the first time in a book which will be widely read a vivid portraiture of the old courtier and cavalier who spent his life in the vain effort to establish a royalist colony in New England. For his study of Morton, the adventurer who caused Massachusetts so much annoyance, Mr. Adams was prepared by work done some years ago in editing the *New English Canaan* for the Prince Society. He now carries the reader back to the beginning of New England history and shows with the greatest clearness how royalist and Anglican interests were in process of establishment there for a decade before Winthrop and his colonists landed. In the works of previous writers this fact has been somewhat obscured by devoting attention too exclusively to the Puritan colonization which was to be ultimately triumphant. It is reasonable also to connect Puritan aversion toward Gorges with the bad faith he showed at the trial of the first Earl of Essex. When the Puritan leaders secured the Massachusetts charter in 1629 they caught Sir Ferdinando napping. But he was a man of influence, and as soon as Boston had been settled and the exiles, thrust out by the Massachusetts government, began to return, Gorges was ready to claim his rights at court. Morton and others now became associated with him in this, the help of Archbishop Laud was obtained, and Massachusetts was forced at the outset to contend with an Anglican party which had begun to strike root in New England under the charter of 1620. After the *quo warranto* of 1635, which declared the Massachusetts charter void *ab initio*, it would probably have gone hard with the colony, had it not been for the outbreak of the Scotch war and the civil dissensions which followed in its train. These overwhelmed Gorges with disaster, while they secured for Massachusetts the opportunity for free development till the Restoration.

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During this period the Puritan leaders devoted special attention to the maintenance of their system of orthodoxy, and the extension of their influence in New England. The Antinomian controversy is typical of the life of that time. It grew out of an attack made upon the clergy and reveals the intensely theological character of thought and interests. Here again Mr. Adams has given life and reality to the figure of Anne Hutchinson. He has shown also with startling clearness the total lack of security for personal rights in the judicial procedure of the times. The magistrates were both parties and judges, and the individual who opposed the general current of opinion stood as little chance of a fair hearing as if he had been on trial before the Court of the Inquisition.

Mount Wollaston, a port of the later town of Quincy, was settled by Thomas Morton. There the husband of Anne Hutchinson and his brother-in-law, the Rev. John Wheelwright, received allotments of land. Wheelwright was acting pastor at the Mount when he became involved in the Antinomian controversy. Thus the two episodes of Massachusetts history with which Morton and Wheelwright were connected form a fitting introduction to the history of Quincy. The territory in question was originally a part of Boston. Two years after the banishment of Wheelwright a church was permanently organized. In 1640 the township of Braintree was incorporated. When in 1708 the church was divided, a North and a South Precinct appear. In 1792 the North Precinct became the town of Quincy. Meantime, within this township a number of distinguished families had grown up, — the Quincys, the Adamses and others — who have furnished many of the best examples of the New England gentry and yeomanry. Their history Mr. Adams has studied as typical of the classes to which they belonged. He has also searched the records of the town for the history of its churches, its common lands, its highways and schools, its town meetings, its social life and morals. While noting as he passes the events of national history in which the distinguished residents of Quincy bore a share, his chief attention is devoted to the town itself. He shows that its inhabitants were almost wholly of English descent, that practically all of them were farmers, that they possessed moderate means, there being among them none who were very rich and few who were very poor. Except those who went to Harvard, they were all educated according to the same meagre type. They held little communication with the outside world. Thus for two hundred years their life with its simple customs and institutions flowed on almost without change.

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Tested by modern standards it was dreary and monotonous. About 1830 came the railroad, the opening of the granite quarries, the introduction of manufacturing, the influx of an alien population. The result has been the transformation of the old New England town into the suburb and then the city. The old institutions — the church, the school, the highway, the town meeting, the militia company — have passed away, or become so changed as to be scarcely recognizable. Taken altogether, the story is a most interesting sociological study, especially that part of it which relates to the town meeting.

The earnest desire of the student must be that the work which Mr. Adams has done for his native town may find many imitators. It is only through the study of local and state histories that the real nature of our democratic society can be understood.

HERBERT L. OSGOOD.

The Life of Thomas Paine. By MONCURE DANIEL CONWAY. New York and London, G. P. Putnam's Sons, 1892. — 2 vols., 8vo, xviii, 380, 489 pp.

Of all who were prominent in the great revolutionary upheaval of last century Thomas Paine is undoubtedly one of those most worthy of receiving our attention. He was a living witness of the unity of the revolution which shook both worlds. The author of *Common Sense*, that pamphlet which in January, 1776, prepared the way for the Declaration of Independence, the friend of Franklin, of Washington and of Jefferson, became sixteen years later the friend of Condorcet, of Brissot, of Gensonné, of Vergniaud, and with them, in the character of a delegate to the National Convention, drafted the first plan of a republican constitution which was submitted to that famous assembly. His chief work, *The Rights of Man*, was a formal defense of both the American and the French Declaration of Rights.

Had Paine confined his attention to the study of political science, he would probably long since have found a biographer who would have done justice to his fame. But he was a Quaker, of the philosophical sort, and soon became a bold and combative freethinker. In a pamphlet written during the Terror, when he was detained as a prisoner in the Luxemburg, he assailed the Bible with unprecedented violence, denouncing it as the work of Satan and attacking the holiest dogmas of Christianity. The *Age of Reason*, with its various continuations,

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so shocked the minds of his contemporaries, especially in England and America, that he lost most of his former friends. When he returned to the United States nearly all doors were closed to him. Jefferson, then the first magistrate of his country, remained among the faithful few, but so strong had become the current of opinion against Paine, that the president was obliged to keep him at a distance. To the generation which knew nothing of his services in "the times that tried men's souls," old Tom Paine appeared a kind of incarnate devil. His enemies assailed him unopposed. With the sole exception of the biographical sketch which his friend Rickman devoted to him, the lives of Paine are controversial pamphlets in which legend takes the place of fact. The statements made are drawn mostly from the libels of Francis Oldys (George Chalmers) and James Cheetham. Of these writers, the former is strongly suspected of having been paid by Lord Hawksbury for blackening Paine's reputation; while the latter had become a personal enemy during the last years of his life.

Mr. Conway has now undertaken to restore Thomas Paine to the place he deserves in the pantheon of the Revolution. The author's sympathy with his subject is strong, and grows as his task proceeds. But this feeling, while fruitful, is responsible at the same time for the chief defect of the work. One of the features of Paine's character is that he is always self-satisfied. He never acknowledges himself to be at fault. Whatever he may have done, said or thought, is well done, well said, well thought. With perfect ingenuousness he will close an argument saying: "This is my opinion . . . It is consistent with the reason that God has given me, and I gratefully know that he has bestowed on me a large share of that divine gift." Such a character is dangerous to a sympathetic biographer, especially if he has undertaken a literary rescue. The subject of his treatment is likely to become his hero. It is so in this case. In redressing the wrongs that have been done to Paine's memory, Mr. Conway has claimed for him a position which posterity — even posterity better informed — will not concede to him. Paine was certainly not the devil; but he was no demigod. One may have served a great cause and have been a victim of the narrowness of men, without being a Prometheus. One may have been a powerful pioneer of political emancipation, one may have fought and won in the literary battle for the rights of the people, without being entitled to be called a "founder of republics." Paine, as editor of the *Pennsylvania Magazine*, ventilated indeed some ideas which had not been previously formulated

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in America. He cannot, however, be considered as a discoverer in the sphere of political principles. The main ideas to which he lent the color of his style were born long before him in England and in the colonies which were settled by non-conformist refugees. They were the intellectual legacy from his Puritan and Quaker ancestors. Paine was a boy at Thetford School (Norfolk) when Jonathan Mayhew preached in the West Meeting-house of Boston his renowned sermon against the tyranny of kings like Charles I (February 4, 1749–50). He was still an officer of excise at Lewes (Sussex) when two friends of Mayhew, James Otis and Samuel Adams, brought forward at Faneuil Hall, amidst the applause of the people, the first declaration of the natural rights of the colonists (November 20, 1772). Democracy was already a reality in New England before Paine had thought of crossing the Atlantic. It was only about the time he departed for the New World, at the end of 1774, that he began to take an interest in politics. This is according to his own statements. Upon his arrival in Philadelphia he for the first time adopted literary pursuits as a means of livelihood, and as editor of a magazine gave utterance to the principles of a revolution which had already begun.

If the enthusiasm of Mr. Conway for his hero has sometimes led him out of the paths of calm criticism and unbiased comment, it has also carried him through a long series of painstaking researches for which every student of modern history ought to be thankful. His inquiry has been carefully conducted among English and French as well as American archives. Numerous and valuable materials have been brought to light — letters, diaries, documents of every kind. His comparison of American and French sources has produced most interesting results. Here is an instance. It was already known that Paine, being a representative in the National Convention from Pas-de-Calais, was arrested after the fall of the Girondists, and that he remained ten months in prison. The note-book of Robespierre, which was seized with his other papers on the 9th of Thermidor, contained this entry: "Demand that the decree of accusation be issued against Thomas Payne, as well for the interests of America as for those of France." Courtois, the chairman of the committee on Robespierre's papers, who made of his report to the Convention a posthumous indictment against the Jacobin leader, explained these words by saying: "Why Thomas Payne more than another? Because he helped to establish the liberty of both worlds." After a careful examination of all obtainable documents in France and in the United States, Mr. Conway has succeeded in giving the real mean-

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ing of Robespierre's memorandum, *viz.* that America had an interest in Paine's arrest because it had been suggested to the French leaders by Gouverneur Morris, the resident minister of the United States. Morris's desire to commit the United States to an English alliance and his jealousy of Paine's influence both in France and in America were at the bottom of the matter.

In the chapters relating to Paine's connection with the French Revolution Mr. Conway relies too much on the authority of Louis Blanc. However important and full of information the latter's work may be, it has for its object another historical rescue, and that no easy one, *viz.* the vindication of Robespierre. Such a book ought to be familiar to everyone who desires more than a superficial knowledge of French revolutionary history, but it ought not to be blindly followed. Depending implicitly upon Blanc's judgment, Mr. Conway sometimes ventures beyond him and reaches conclusions which the vindicator of the Jacobins himself would not have ventured to support. So it is for instance that Mr. Conway is found referring to "the massacre of the Marseillese by the king's Swiss guards," on the 10th of August, 1792. That "massacre" was the work of 800 infantry, life guards, who, with but little ammunition, stood against a multitude that was well armed and provided with artillery. Of the 800 soldiers, one-half died fighting before the palace of the Tuileries, which they had sworn to protect. The rest, who laid down their arms in obedience to the orders of a feeble, frightened king, were almost all slaughtered either on the spot by the mob, or soon after in the Paris prisons. The losses of those who attacked the royal residence have been fixed by Mortimer Ternaux, after careful examination, at 74 dead and 53 wounded. The first centennial of the heroic fate of Louis XVI's last defenders has recently been commemorated at Luzerne (Switzerland). No doubt Mr. Conway's high sense of truth and justice will cause him to modify his judgment respecting this event, when he reads the various contemporaneous accounts of those bloody days. They are collected in Mr. W. F. von Mülinen's memorial, *Das Französische Schweizer-Garde Regiment am 10. August, 1792* (Luzerne, 1892).

But whatever the particular shortcomings of Mr. Conway's work, it is certainly one of the most important among recent contributions to the history of revolutionary times, and it is sure to be studied with profit on both sides of the Atlantic.

CHARLES BORGEAUD.

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Fifty Years in the Making of Australian History. By Sir Henry Parkes, G.C.M.G. London and New York, Longmans, Green & Co., 1891.—8vo, xv, 679 pp. With Portraits.

A hasty glance at this bulky volume would suggest a comparison with the selection which Mr. Lane-Poole made three years ago from the papers of Sir George Bowen, under the title, *Thirty Years of Colonial Government.* The comparison would, however, be misleading. Sir George Bowen's volumes, for they were really his, dealt with a number of colonies from the standpoint of a representative of the crown, and, as was pointed out in these pages, the work sadly needed condensation. Sir Henry Parkes' book, on the other hand, deals practically with a single colony, New South Wales, from the standpoint of a representative of the people, and it would be hard to show where or how it could well be condensed. Although it abounds in selections from the author's speeches and correspondence (which show a remarkable command of forcible and generally correct English), and although it devotes page after page to matters that can hardly be said to have other than local importance, it would be difficult to name a book of its kind that possesses such general interest or conveys so much valuable information.

Perhaps much of its interest is derived from the personality of Sir Henry Parkes himself. It is true that the veteran statesman is scrupulously reticent as to the facts of his private life, and that he endeavors to give as far as possible an impersonal view of the legislation he describes in such detail. But the rugged independence, the sterling sincerity of conviction, the wide-reaching knowledge and the masterful self-assertion that have made him, next to Sir John Macdonald, the greatest statesman the English colonies have produced in our generation, could not be prevented from inspiring this volume and making it in every sense a notable political autobiography.

We learn, inferentially, that Henry Parkes was born about the year 1815, that he emigrated with a wife and child to New South Wales in 1839, and that for many years he had a hard struggle to support himself. It was eleven years before his ability became widely known or he himself ventured to make a speech in public. It was fifteen years before he was elected to represent Sydney in the old Legislative Council, two years before the grant of responsible government to the colony. He was offered a post in the first ministry, but preferred to edit a newspaper, which nearly ruined

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him financially, and to work as a simple member of the legislature for popular and liberal reforms. His first office was that of commissioner of emigration in England — a position which brought him in contact with men like Bright and Cobden and Gladstone. Returning to the colony, he accepted the post of colonial secretary in the Martin ministry of 1866. In this capacity he distinguished himself by carrying through the Public Schools Act of 1866, by his development of the colonial hospitals, and by his active measures against the bushrangers, but he was severely, and it would seem unjustly, criticized on account of the disturbances caused by the attempted assassination of the Duke of Edinburgh. In 1872 he formed his first ministry, and since then he has held the office of premier four times, having been in office eleven years, nine months and fourteen days, out of a total of thirty years. His course has been that of a consistent free-trader, an advocate of Australian unity, a preserver of the strictest forms of parliamentary government, and a loyal upholder of the integrity of the British Empire. He has legislated with great success, although not without violent criticism, on the public school question, which excites the Roman Catholics in Australia as much as it does in this country, on the liquor question, on the state ownership of railroads, and on the proposed federation of Australasia. One of the most interesting chapters of his book is devoted to the last named topic.

The above brief analysis of Sir Henry's career will indicate the character and importance of the information that may be gained from his pages. His autobiography will be indispensable to students of Australian history and highly valuable to students of comparative politics. Indeed, it may be doubted whether its chief value does not lie in the flood of light it throws upon the working of the parliamentary system of responsible ministers when transplanted from its English birthplace. For this reason it will scarcely be a work of supererogation to recommend the volume to the small but hardy band of students who are urging us to remodel our constitution along English lines.

It should not be overlooked that this book has a literary flavor that will interest some readers. Sir Henry Parkes is a poet himself, but as Sir Charles Dilke says, "his debts, his poetry, are powerless to sink him." His poetical proclivities may account in part, however, for his friendship with Browning and Tennyson and for his admiration for Carlyle. Several letters from the latter are preserved, as well as a characteristic utterance with regard to our late war which I do not remember to have seen in print before.

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The book has been well printed, but on pages 353–54 and in the index, which is well done, Governor *Cornell* appears as *Carnell*. The photogravure of the author which serves as a frontispiece is a welcome suggestion of the rugged, masterful character self-delineated in the pages that follow.

W. P. TRENT.

Introduzione allo Studio dell' Economia Politica. Di LUIGI COSSA. 3ª edizione, interamente rifatta, della Guida allo Studio dell' Economia Politica. Milano, Hoepli, 1892.—xiv, 594 pp.

The name of Luigi Cossa on the title page of a book is in itself a eulogy. A whole phalanx of young economists recognize him as master. His *Elements of Economics and Finance* has had an exceedingly great and deserved success, as well as the rare honor of translation into nine languages. The present work, which is called the third edition of the *Guide to the Study of Political Economy*, is in reality an entirely new work. In it we notice Cossa's special gifts —great lucidity, precision and sobriety of thought and exposition, judicial impartiality, and above all an erudition that is profound without being either heavy or dry.

As in the preceding editions, the present volume is divided into two parts, theoretical and historical. In the first part the chapter on method is thoroughly revised, and a new chapter is added, on the character of political economy. In this latter the author traces the general lines of scientific classification and the limits of science and art. He refuses to follow the sociologists in considering economics as a physical and biological science, and he regards the analogies between the animal and the social organism as merely apparent. But at the same time he does not approve of the tendency of the recent Austrian school, which considers economics as an appendage of psychology, or mathematical psychics. And without denying the importance of the so-called hedonistic principle, he maintains that the subjective theory of utility and value is by no means the whole of economics, nor the pivot on which everything moves.

As to method, the essence of the question, as put by Cossa, lies in the limits to be assigned to induction and deduction. The great masters of the science, although disagreeing in the theory, have been at one in applying to practical questions the most

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suitable method. The classical economists based themselves on the observation of certain fundamental premises, from which they deduced their theory of value and of distribution. These premises, as Cossa observes, are secure enough; but besides the constant causes, there are accidental and variable causes, which necessitate a qualification of the original deductions. We must revert to the inductive method, according to Cossa, not alone to verify the truth of the laws obtained deductively, but also to verify the existence of the disturbing causes, and to ascertain the empirical laws of their variation. In this way the inductive method may sometimes serve in part to discover the laws of certain economic phenomena; but on the other hand the complexity of social phenomena often prevents a direct investigation of causes through observation alone. Recognizing, then, the value and importance of historical research, Cossa declares himself opposed to the exclusively historical method, and to the conception of national economics, as apart from the existence of absolute truth in pure science. He declares that if the historical school has aided science indirectly, and especially by promoting the study of economic history, it has not succeeded in making any useful innovations in the fundamental principles of social economics.

If I were permitted to criticize our illustrious teacher, I should say that however true the last observation may be, his general conclusion as to the historical school seems a little too severe, and that he assigns too little importance to induction. But the present review is designed rather for exposition than for criticism.

The second part of the volume, which the author modestly calls a mere summary of the external history of political economy, is really far more than that. It is a complete history, which surpasses most of the existing works of the kind, and which, because of its sobermindedness, its erudition and its wealth of bibliographical detail, will be regarded as an authority.

In the first edition the author devoted two chapters to ancient and mediæval times, and then followed with five chapters on the sixteenth, seventeenth and eighteenth centuries, with two special chapters on the mercantile and physiocratic systems. In the present work, the author divides the history more logically into four periods: First, "The Fragmentary Epoch," including the period of the 17th century; second, "The Period of the Empirical Systems and of the Monographs" (to the middle of the eighteenth century); third, "The Period of the Scientific Systems;" and fourth, "The Critical Contemporaneous Period."

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It is manifestly impossible to give a *résumé* of a work of this kind, and I therefore limit myself to noting a few parts which seem especially interesting, and which contain something distinct from the preceding editions. Thus in his account of the scholastic theories the author follows from a new point of view the gradual evolution of mediæval ideas, finding in the doctrine of reasonable price the germs of the modern theory of value, and in the canonic prohibition of usury the chief manifestation of the doctrine. While presenting a good survey of the general trend of the movement, the author also gives here and there exceedingly full and precise bibliographical notes. This is the case not only with the scholastic and humanistic writers, but also with a large number of less well known authors of special monographs, who preceded the period of scientific systems.

Under the heading, "The Period of Empirical Systems," Cossa first studies the system which grew out of the attempt to follow the 'consumers' policy, and to procure the necessary supply of wheat. Of greater importance was the mercantile system. After illustrating the fundamental ideas of mercantilism, Cossa divides its history into three periods: first, that of the prohibition of export of money; second, that of the balance-of-bargain system; and finally the period of the balance of trade. In the subsequent period the mercantile system transformed itself into the protective system, finding in the balance of trade no longer the end but the symptom of economic prosperity, and looking especially to the development of a commerce and industry. The critical comments of the author are often profound, and yet he might, perhaps, have devoted a little more attention to the historical conditions amid which the theories arise, and which give each a partial historical justification.

As a reaction against mercantilism, arose the system of agrarian protection which gave the impulse to the physiocratic movement. The author calls attention to a series of seventeenth century writers who are not very well known, and tries to show their historical importance. But the merit of having created a really scientific system of economics is due of course, to Quesnay and the physiocrats. Cossa shows the importance and the defects of the school. He calls attention to the difference between the economic liberty of the physiocrats and that of modern economists, the lack of all historical insight on the part of the former, their one-sidedness in regarding the interests of the producer exclusively, and their mistake in erecting into a scientific dogma the tenet of *laissez faire*. With the

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physiocrats begins the scientific structure elaborated by Adam Smith and his immediate followers, whose work Cossa sketches in broad outline but with a sure hand.

Up to this point we have surveyed scarcely half of the historical part of the work. It would be manifestly impossible to trace the remainder of the history in detail. Cossa sketches the development and present condition of economics, in the various countries of Europe, as well as in America. The wealth of bibliographical notices shows a most remarkable acquaintance with the contemporary economic movement. Chapters like those on the Netherlands, the Scandinavian countries, Finland, Bohemia, Poland and Russia are especially valuable because they are rich in information which it will be impossible to find in any other work. A special chapter on the United States, which is entirely new, contains such an ample account of the leading writers, that few of the American economists themselves would find much to change or add.

It might be regretted that the author did not add to his analysis of the condition of economics in the various countries, a short account of the general characteristics of the science in recent years. But this lack the reader can easily supply for himself after having gone through the pages of this learned work. Its publication marks a real epoch in the science, and it is safe to predict that it will soon be translated into pretty much every civilized language. An English edition will be published shortly by Macmillan.

UGO RABBENO.

Prezzi Ideali e Prezzi Effettivi. By Prof. GIACOMO LUZZATTI. Milan, Ulrico Hoepli, 1892. — 221 pp.

It was long ago said of the Italians that they have given to the world the best writings that we have on the subject of money. Whether or not this is true to-day, the work before us is a convincing proof that they can still furnish the world with original and valuable thought in this department of economic science. The full title of Professor Luzzatti's work is: *Ideal and Effective Prices, or, Notes of Study upon the Value of Money in the Economy of a People.* There is no division into chapters or sub-headings, but the principal points discussed may be grouped under the following heads: The origin of crises, and their relation to prices and to the money market; the relation of prices to the quantity of metallic money; the nature of discount and interest, and their relation to prices and to the metallic (money) reserve; the value of money in relation to its

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cost and to its quantity; and finally, historical illustrations of the theory set forth. The text itself occupies only about one-half of the book, the other half consisting of notes which are largely critical, but which on the whole form a valuable supplement that frequently helps to elucidate the text. Of the text about three-fourths is devoted to a deductive, or theoretical, and one-fourth to an inductive, or practical, treatment of the subject. The theoretical discussion is very concise and almost wholly abstract, being seldom illuminated by concrete examples. Although the discussion of the various questions involved is brief, it is very suggestive and evinces a profound study of monetary science.

It will be impossible within the limits of a review to give any adequate account of Professor Luzzatti's arguments, but we may perhaps best indicate his own position, and at the same time the general scope of the book, by saying that it is virtually a strictly scientific refutation of the quantitative theory of money value, which appears so self-evident and axiomatic to Mr. Giffen. Granting his premises, Professor Luzzatti's conclusions follow by a logical necessity. But whether we agree with him or not, he has at least shown us that Mr. Giffen has by no means said the last word upon this subject, and that the question is not so easily solved as he had imagined. That our author's treatment of the question should be complete or exhaustive, could not well be expected in mere "Notes of Study," and we find it especially lacking in concrete examples taken from modern industrial life.

The theoretical treatment, though condensed, is more satisfactory. Its fundamental presupposition is the reality of the ideal, as the ultimate cause, or determining force, in economic life. More definitely, it is that values, or ratios of exchange of commodities, are estimated by means of an "ideal monetary unit"—the *tertium aestimationis;* that upon the basis of this ideality, ideal prices are determined according to the complex social wealth and reproductive force of society, "the movement of prices, other things being equal, following the movement of complex social wealth." And since it is the tendency of social wealth to increase, so also is it the tendency of ideal prices to rise, there being no doubt in the mind of our author "that the increase in social wealth is the prime cause, or at least the *sine qua non*, of a tendency of prices to rise."

It is important to note that it is not the wealth actually existing at any given time, not the being (*l'essere*), but the becoming (*il divinere*) of the complex social wealth that influences the movement of prices.

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In other words it is the "productive energy," the "reproductive force," stimulated by ideal prices in view of prospective profits. Upon these ideal prices depend the whole movement of trade and the quantity and value of money.

Opposed to ideal are effective prices, or the money prices by which exchanges are effected. Their tendency is always to decrease and they are low or high according as ideal prices are high or low. It is these effective prices that stand in most immediate connection with and dependence on quantity of money, but

> cost and quantity can have no influence upon effective prices except in the same measure in which ideal prices, in order to be effective, demand at a certain price a greater or less quantity of money. The quantity offered in excess of the demand does not enter into circulation and so cannot act upon the prices. [Page 62.]

According to Professor Luzzatti it is one of the errors of the opposing, or quantitative theory, that the use of precious metals as commodities is confounded with their use as money, and both uses considered as having the same effect on prices. Another error, frequently reiterated, is that effect is taken for cause, and our author despairs of political economy ever becoming more than an art unless economists will go beyond proximate, and search for ultimate causes. The true sequence is not quantity, value, price; but ideal price (in view of prospective profits), value, quantity, effective price. It is ideal prices that determine value, and therefore regulate interest; while discount results from effective prices.

That part of the book which has perhaps the most general interest is Professor Luzzatti's account of the development of crises, where the evil of an excessive concentration of wealth is pointed out. Without attempting to substantiate this part of his thesis by concrete facts, he briefly outlines the process by which he conceives the concentration of wealth to take place, and shows that it is always attended by a comparative want or misery in the many, which leads to a physiological deterioration that is detrimental to the productive energy of society. The result of the concentration is low ideal and high effective prices, which leads to a new frenzy for speculation, with its concomitant "excessive over-production due to an excessive under-consumption," because of the excessive concentration of wealth and the consequent lack of purchasers. The most healthy condition is when there is a more equal distribution of wealth, with high ideal and low effective prices.

STEPHEN F. WESTON.

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The Theory of Wages, and its Application to the Eight-Hours Question and Other Labor Problems. By HERBERT M. THOMPSON, M.A. New York, Macmillan & Co., 1892. — 140 pp.

This is a welcome addition to the literature of economic theory. It deals quite generally with problems of distribution, in a way that will carry readers nearer to a full understanding of those problems. The author's modest statement that the work contains little that is original is true only if terms be used in a rigorous sense. Much of the intellectual raw material of the discussion exists somewhere, in some form; but the new mode of combining and using it gives to the book an independent character. There is new and valuable logic in the work.

All incomes are said to come from a social dividend. This total amount is variable, and different incomes are variable fractions of it. An influence that affects the fraction of the social income represented by wages will also make that total income larger or smaller. The four general shares of the dividend are rent, wages, interest and profit; and each of them is subjected to influences that change the ratio that it bears to the others, and change, at the same time, the sum total of the four.

The influence on the ratio of division may, in the case of a particular kind of income, work in a way that is opposite to the effect realized in the social income. Wages, for instance, may constitute a smaller fraction of the total gains of society than heretofore, but the total gains may be larger. Again, both the aggregate income and the laborers' share of it may be increased. In the former case there would be one influence diminishing a laborer's pay and another increasing it; while in the latter case, both influences would increase it. The various combinations that, in the author's view, the influences affecting different incomes may take, are presented at the end of the volume.

Corollaries of the wage-fund theory are refuted in one chapter, and in another it is shown that no one of the four shares of the general income of society can properly be treated as residual. We cannot treat any three of them as determined by independent laws, and assign to the fourth one the leavings. The relation of rent to price is treated in a way that reveals the confused use of terms and the fallacious logic that characterized the classical treatment of this subject.

JOHN B. CLARK.

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Economic Legislation of all the States: the Law of Incorporated Companies Operating under Municipal Franchises. By ALLEN RIPLEY FOOTE. Charles E. Everett, A.M., LL.B., Editing Attorney, with a resident attorney in each state as co-editor. Volume I. Robert Clarke and Co. — 8vo., 258 pp.

Between the individual and the state there are thrusting themselves intermediate powers, namely, corporations. A network of such organizations is gathering to itself an increasing proportion of industry, and even does much governing. Ownership of land is not sovereignty over dwellers upon it; but the early Germanic sovereigns found that ownership was essential to sovereignty. Whoever owned the land governed the people. In modern times more than land owning is needed to enable a person to do this. The earth and the things thereon that aid production may be grouped under the comprehensive name, capital; and to own all this is to possess an undoubted power of governing. The traditional fear of democracy is based on the impression that it puts too much power to dispose of wealth into the hands of empty-handed men. The growing fear of the type of government that we actually have is based on the impression that it puts too much power to dispose of men into the hands of soulless wealth. The corporation as a political and economic power presents essentially new and vast problems for solution.

One basis for a solution of these problems is afforded by a knowledge of the actual laws of corporations in the different states. Mr. Foote has undertaken, with the aid of co-editors, to collect the laws affecting all companies holding municipal franchises. This is a work of great utility. If it be true, as has been asserted, that bad laws concerning corporations are, in the United States, responsible for much of the evil that these agents accomplish, such a work as the one now undertaken will reveal the fact.

A preliminary volume is now issued — the work of Mr. Foote. It contains a statement of very general economic principles, leading up to a summary of what, as the author believes, are the principles that should govern the relation of the state and the municipality to corporations. A corresponding legal discussion occupies the latter part of the volume.

This volume contains, of course, the controvertible part of the work. Some of the more general statements are so decidedly controvertible that they cannot add to the effectiveness of the legal

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compilation that is to occupy the later volumes. "Man is not a true sovereign" but is "controlled by natural laws"; "legal enactments are man-made; they are not true sovereign laws"; "self-interest is the only power that should sway the actions of men": such are a few of those statements. A generous interpretation of language, which brings out the author's real meaning, diminishes the objection that one feels to some of these propositions; but there remains the fact that the general theories advanced are less in harmony with the views of most readers than are the theories that specifically concern corporations. If some of this preliminary matter were omitted, the essential part of the work would have a better chance of winning acceptance.

The actual policy advocated is interesting. Let a city give away valuable franchises for nothing; but let it recoup itself by securing good and cheap service and a share of the profits of the business carried on. Secure publicity of accounts, and honest and efficient management. Let the share-holders have a fair interest on the cost of their plant and other capital. Divide surplus earnings into two equal shares, giving one of these to the city, and subdividing the remainder, on an equitable plan, between the capitalists and the hired laborers of the corporations.

J. B. CLARK.

Erorechtsreform und Erbschaftssteuer. Ein Beitrag zum Bürgerlichen Gesetzbuch und zur Steuerreform. Von A. ESCHENBACH. Berlin, Carl Heymanns Verlag, 1891. — viii, 104 pp.

Eschenbach's article on the inheritance tax (*Erbschaftssteuer*) in the *Handwörterbuch der Staatswissenschaften* contains in a condensed form the substance of this monograph. For most purposes the condensation will be found quite sufficient; but it treats very briefly of the general subject of inheritance, which in the longer work occupies a chapter of twenty-seven pages entitled: "*Erbrecht, Familie und Staat.*" The author distinguishes clearly between state inheritance (*staatliches Erbrecht*) and the limitation of private inheritance, — a distinction which some German writers have failed to observe. He shows that inheritance by the state is a logical impossibility, and characterizes the conception as "juristic, ethical and economic nonsense." He would limit intestate inheritance to four or five degrees of relationship, making it co-extensive with the family consciousness and the duty of support, — an idea so generally approved by writers on the

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subject, and withal so consonant with common sense, that it seems strange that it has not had more influence on legislation. He argues with much reason that if a man has no relatives nearer than second cousins, he is practically alone in the world, and there is no reason for intestate inheritance in such a case; if there is no will, the state should take possession of the property, not because of any right of inheritance, but in order to prevent the confusion which would ensue if valuable property were left to be seized by individuals. Thus he accepts the substance of what has often been called *staatliches Erbrecht*, while very properly refusing to call it by that name.

Mr. Eschenbach discusses the inheritance tax quite independently of any theory of the limitation of inheritance, and finds that it possesses the unusual advantage of being justifiable either as a tax or as a fee. He rejects the theory which regards it as a tax on accidental or extraordinary income, simply because he cannot include inheritances in the definition of income which he accepts. He prefers to consider the inheritance tax as supplementary to those taxes which are evaded by the owners of property during their lives, and as tending to make the tax system as a whole accord in some degree with the principle of faculty, where other taxes are on income and expenditure rather than on property. At the same time, he accepts the theory which regards the tax as a payment for a special service on the part of the state, but he does not distinguish clearly between the value and the cost of the service. He also compares the state to a silent partner in the business of each citizen, and argues that it is entitled to a share of the capital on the dissolution of the partnership by death.

The author is thoroughly in favor of progressive taxation, especially as applied to the inheritance tax. Having rejected the accidental income theory, and failing to apply his ideas on the limitation of inheritance to the inheritance tax, he can find no theoretical justification for graduation according to relationship; yet he concludes that there must be some justification for it, because it is well nigh universal in practice.

The treatment of the subject is almost entirely theoretical, except for a single historical and descriptive chapter, which is too brief to be of much value. The author's arguments, though not in all cases conclusive, are always suggestive. An interesting feature of the work, in view of the recently proposed changes in the Prussian inheritance tax, is an appendix consisting of newspaper clippings on the subject.

MAX WEST.

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Das Internationale Währungsproblem und dessen Lösung. Von THEODOR HERTZKA. Leipsic, Duncker und Humblot, 1892. — 136 pp.

Die Zukunft des Silbers. Von EDWARD SUESS. Vienna and Leipsic, Braumüller, 1892. — 227 pp.

The author of the first of these volumes is well known to the student of economics as a brilliant writer and an original thinker. Three years ago he gave to the public a scheme of social reform in a description of *Freiland*, which has had in Germany the same sort of success that Mr. Bellamy's *Looking Backward* has had in the United States. Mr. Hertzka had a happy faith that his simple scheme of communities practising universal coöperative production would solve all the difficulties of the social problem and bring happiness to humanity. A similar happy faith in the possibility of devising easy solutions to difficult problems is seen in the volume now before us. Mr. Hertzka here tries his hand at the troublesome bimetallic question. He remarks in his preface that simple ideas are oftenest those which fail to get ready acceptance, and that he is prepared for bitter opposition to his solution of the question in hand. Nevertheless, he has no doubt that it will be accepted at a comparatively early date, since he sees in it the only means of warding off the dangers which beset the civilized world from the condition of its money. His remedy is certainly a simple one — not international bimetallism, but the creation of a new money metal, consisting partly of silver and partly of gold. Hereafter the standard of value is to be neither silver nor gold, but an alloy of a certain proportion of silver and a certain proportion of gold. He suggests nine parts of silver to one part of gold; but the particular figures are immaterial. All the civilized countries are to come to an international agreement, by which a mixture containing the same proportion of gold and silver is to become the material from which coins shall be struck. Each country is to strike its coins in such manner as it sees fit, and to fix their relations to existing coins as it may see fit. In this way the new Columbus puts his egg on end.

The effects of a measure of this sort present a very pretty problem, and may be commended to those who enjoy the dialectic exercise of working out the results of novel premises. For practical purposes it is hardly more valuable as a solution of the monetary question than was the scheme of *Freiland* as a solution of the social

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question. If international bimetallism is impracticable, as seems now to be agreed on all hands, this scheme is even more so.

Dr. Suess's book on *The Future of Silver* may be regarded as a continuation of his volume on *The Future of Gold*, published in 1877. The main conclusions of the two volumes are the same. Dr. Suess believes that the future production of gold is likely to decline, or at least not to increase, and that the supply of gold will not suffice for the needs of civilized communities. The production of silver, on the other hand, he thinks will increase in the future at a more regular rate than the history of the last twenty years would indicate. The great rise in the production of silver since 1870 he ascribes to a succession of lucky finds — discoveries of rich pockets of ore soon exhausted and not likely to recur. There are, on the other hand, more permanent sources of silver, especially in Mexico and in South America, from which a steady and regular increase of production may be expected. The result of these conditions, he believes, must be that silver, which alone promises a growing supply adequate to meet the development of trade, will eventually become the money metal. Any form of bimetallism is only a step of transition to this eventual result. Silver is the money of the future.

To discuss this reasoning would require a consideration of the whole bimetallic controversy, for which this is not the place. But even those who would not accept Dr. Suess's conclusions, will read with interest his chapters on the modes of occurrence and methods of production of the precious metals and of copper, on the history of the "bonanzas," and on the relative position of gold-using and silver-using countries. Dr. Suess's eminence as a geologist gives weight to his statements; and a grace of style not common among German men of science makes his volume doubly interesting.

The obvious answer to the allegation of an insufficient stock of gold is that the extended use of credit machinery steadily diminishes the resort to actual coin, and Dr. Suess may err in saying that the supply of gold will not suffice even as a basis for a highly developed credit system. Similarly it is at least a debatable question whether in fact the gold-using countries already suffer from a scarcity of the metal, and whether the general decline in prices during the last twenty years is or is not an evil. Meanwhile it is certain that in the immediate future the drift is toward gold, and not toward silver. Whatever geological time may bring, there is nothing to indicate that in the historical future silver will succeed in displacing gold as the money of the civilized world.

F. W. TAUSSIG.

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Complete Guide to the World's Twenty-nine Metal Monetary Systems. By JOHN HENRY NORMAN. New York, G. P. Putnam's Sons. — 328 pp.

The author's name appears but once upon the title page of this work; but such self-suppression is not maintained in many of the pages that follow. Mr. Norman holds in low esteem most other writers upon currency, but devotes page after page to quoting what he himself has at various times written upon the subject. He modestly states that he writes his book "to assist men, statesmen, legislators, political economists and all teachers of the subject of money to obtain the necessary knowledge their respective positions call upon them to possess." What these men need, he complains, is a "masterly skill in bullion and coin," and he informs us that he "has been told" that such skill could be obtained by studying two of his own books.

The chief thought of the book is expressed with characteristic clearness in the following sentence:

> Norman's unit of weight system consists of using the signs for one gram or one troy grain of pure gold and pure silver, or the lowest unit composing the weight of each country to the fourth and sixth decimal point, as a multiplyer or divisor of any sign for pure gold and silver in any country to ascertain the weight of the same in the country using the sign.

In preparing these signs the author has, with infinite patience, worked out tables giving the absolute weight and the relative weight of all the coins of all the civilized and semi-civilized nations of the globe. These tables have a certain scientific value — enough, perhaps, to entitle the work to a brief notice.

CHARLES B. SPAHR.

The Science of International Law. By THOMAS ALFRED WALKER, M.A., LL.M., of the Middle Temple, Fellow and Lecturer of Peterhouse, Cambridge. London, C. J. Clay & Sons, 1893. — xvi, 544 pp.

Among modern works on jurisprudence there is none that has exerted a more powerful influence on the elementary conceptions of English and American students of law than that of Austin. For this fact there is a reason apart from what Mr. Walker appropriately

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describes as "the sustained and serried logic, and masterly marshalled argument" of Austin's great treatise. It was Austin's fortune to produce a definition of law so rigid and exact as to meet the desire for an absolute and ready test of legal conceptions, while he enforced it with a power of analysis and reasoning seldom equalled. And although it has been shown that his theory is at variance with the facts in regard to the development of law, and that his limitation of proper legal rules to commands imposed by a superior power denies the quality of law to a large part of the rules that have governed the relations of men to one another, yet we constantly hear his dogmas reiterated with as much assurance as if they had never been impugned.

Mr. Walker wisely concedes that if we exclude from the sphere of law all rules of conduct that do not fall within Austin's definition of proper laws, there is no such thing as international law, and still less a "science of international law." These conclusions, however, Mr. Walker ably combats, both on historical and philological grounds and on the authority of jurists. He is disposed to treat more seriously than did his master, the late Sir Henry Maine, Austin's criticisms of international law as "international morality." Maine pronounced those criticisms to be "very interesting and quite innocuous." But, says Mr. Walker, "when they pass outside the schools into the cabinet, and into the public speeches of responsible foreign ministers, then for the sake of [Austin's] grammatical squeamishness, the peace of the world is put in jeopardy." I am disposed to agree with Mr. Walker. So long as a large proportion of our law students are indoctrinated with the Austinian theory, which excludes from the sphere of law everything but a certain variety of municipal law, a refutation of that theory will not be out of place.

Mr. Walker treats of international law under two divisions — "Normal International Law" and "Abnormal International Law." The former relates to international law in time of peace; the latter, to international law in time of war. It is evident from this nomenclature that Mr. Walker belongs to the school of philosophers who regard peace, not war, as the normal condition of mankind. The abnormity is in the condition to which the law is applied, not in the law itself. It may, therefore, be suggested, though the author's meaning is clear enough, whether it is quite accurate to say that the law is abnormal because it relates to an abnormal condition. Homicide creates an abnormal condition, yet it might seem strange

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to call the law relating to homicide abnormal law. But the distinction which Mr. Walker's terminology is intended to denote is a proper and useful one, and is clearly brought out in the text.

Mr. Walker's discussion of the subject of neutrality is very full and very satisfactory. His tracing of the development of the principle of "free ships, free goods" is excellent, though he appears to lean towards the old doctrine, so long enforced by Great Britain, that the fate of the goods is to be determined by the hostile or the neutral character of the owner, whether they be found in a neutral or an enemy ship. But of special interest is his exposition of the controversy between the United States and Great Britain, growing out of the failure of the latter to perform her duties as a neutral in the case of the *Alabama* and other Confederate cruisers. The recent disclosures of Sir Henry James, tending to show that the escape of the *Alabama* was the result of an accident, and that the British authorities were at the time not without a sense of culpability for the incident, only add force to the opinion Mr. Walker has expressed on the facts previously known.

As early as June 23, 1862, Mr. Adams, then minister of the United States in London, apprised the British government that a war steamer was preparing at Liverpool for departure; that the persons engaged in her preparation were well-known Confederate agents; and that her commander was to be a person in the Confederate service. The law officers of the crown advised prompt action. The customs authorities, however, though admitting that the vessel was intended for use as a man-of-war, reported against seizure, unless stronger inculpatory evidence should be adduced. Subsequently, on the 21st of July, the consul of the United States at Liverpool laid before the collector six depositions, setting forth in the clearest manner facts to establish a violation of the law, and again requested the seizure of the vessel. "The inaction of the authorities under the circumstances," says Mr. Walker, "must seem to the unprejudiced eye little short of marvellous." Even after the 21st of July further inculpatory evidence was produced on the part of the United States, and on the 29th the law officers, being again consulted, recommended seizure without loss of time. On the same day the vessel, then known as "No. 290," steamed down the Mersey as for a trial trip. On the following day she lay for several hours on the Anglesey coast, and took on board a number of men brought out from Liverpool on a steam-tug.

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And then [says Mr. Walker] the British authorities awoke to a wild and futile activity. Instructions were fired off in all directions when too late to be of use. . . . Meanwhile "No. 290" made her way unarmed to the Azores. There she was met by two British vessels . . . which had previously cleared from London and Liverpool, . . . and from these vessels she took on board in Portuguese waters her guns and ammunition. Captain Semmes then publicly announced to his crew the character of the vessel, and invited them to enlist under the Confederate flag. Nearly fifty men at once refused to proceed further, and accordingly returned home. . . . Others, however, among them being several men of the British Royal Naval Reserve, cast in their lot with the shortly notorious "Alabama." The vessel, whose career thus auspiciously began in a combination of supineness, obstinacy and fraud, subsequently appeared in various British ports, and was there, in accordance with the British view of international law, received as a foreign belligerent ship of war.

On the somewhat difficult question of the right of intervention in behalf of private claimants, Mr. Walker's treatise exhibits less precision and less definiteness of opinion than in the exposition of most other subjects.

English statesmen [he says] lay down very correct principles as to the legitimate sphere of intervention; but English merchants need sometimes to be reminded that suretyship of rash speculation is not, as yet, a recognized function of the British government.

To point this observation he refers to the claim of the British capitalists interested in the Delagoa Bay Railway against the Portuguese government for its seizure and confiscation of their property.

The investors [says Mr. Walker] have been undoubtedly treated with the utmost harshness; the conduct of the Portuguese government seems, and doubtless is, entirely and absolutely unjustifiable. But where is redress to be sought? Clearly, from the lords of the territory, the same Portuguese government. The hapless British speculators of course do so appeal. They do more. They cry for the interference of the all-powerful British government. Are they entitled to it? Lord Palmerston was a statesman whose British sympathies were beyond dispute; but he would have given an unhesitating answer.

Mr. Walker then cites a well-known passage in which Lord Palmerston takes the ground that intervention in behalf of private claimants is a matter of discretion, and infers that his lordship would have refused to intervene. The passage quoted by Mr.

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Walker is constantly cited in support of all sorts of private claims, for the very reason that it treats intervention in such cases purely as a matter of discretion. Lord Palmerston in practice exercised a very wide discretion. Nor does Mr. Walker notice the fact that the Portuguese government finally accepted the intervention of Great Britain and the United States, the latter government also being interested, in behalf of the Delagoa Bay Railway claimants, and that the case is now pending before arbitrators at Berne, who are to ascertain the compensation due to those claimants.

On the whole Mr. Walker's treatise is a meritorious work. It exhibits intelligence and care, and a far greater degree of personal investigation than is usually found in books on international law primarily designed for the use of students. Such books too often contain nothing beyond a summary of the results of other men's investigations, with an admixture of moral reflections evolved from the author's inner consciousness and of no special value. Mr. Walker has set for himself a higher standard.

JOHN BASSETT MOORE.

Zeitschrift für Litteratur und Geschichte der Staatswissenschaften. Erster Band, Erstes Heft. Leipzig, Verlag von C. L. Hirschfeld, 1893. — 120 pp.

Zeitschrift für Social- und Wirthschaftsgeschichte. Erster Band, Erstes Heft. Freiburg i. B. und Leipzig, Verlag von J. C. B. Mohr, 1893. — 153 pp.

The list of scientific periodicals in political economy grows appalling, and even the specialist may well despair of being able to keep *au courant* of their contents. Yet the very fact of this rapid multiplication is the best evidence of the growing interest in the science and of the increasing number of its students. The two new German journals propose to cultivate fields to which, it is claimed, not sufficient attention has been paid. The one is to deal primarily with economic history; the other primarily with the history of economics. The one will pay attention chiefly to the evolution of institutions, the other to the evolution of ideas. Because of the influence of economic ideas and economic institutions on each other, the two reviews will therefore supplement each other.

The *Zeitschrift für Litteratur und Geschichte der Staatswissenschaften* is edited by Dr. Kuno Frankenstein of Berlin, who has associated with himself as an editorial committee seventeen well known econo-

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mists from most of the European countries, including Denmark, Holland, Spain and Russia, as well as Germany, France, Italy, Switzerland and Great Britain. The three leading articles in the opening number are a contribution to the history of Socialism, by Prof. Dietzel — the first of a series of articles, — a study of Louis XVI and the Physiocratic system, by Professor Oncken, and an account of Loria's new theories by Professor Rabbeno, the substance of which has already appeared in the POLITICAL SCIENCE QUARTERLY. The other features of the journal are a goodly number of reviews, undertaken by the editors in the separate countries, and a very full bibliography.

The *Zeitschrift für Social- und Wirthschaftsgeschichte* is edited by Dr. Stephen Bauer of Brünn, in conjunction with three other Austrian writers and with a select list of contributors from all over Europe and America. The editor is favorably known to English readers as the author of the elaborate article on Barbon, and of some interesting historical articles in Mr. Inglis-Palgrave's *Dictionary of Political Economy*. The first number of the journal makes a very favorable impression and contains a number of remarkable articles, any one of which would have sufficed to give reputation to the issue. The leading articles are on "The Homeric Village Community," by Prof. Pöhlmann; the "Administration of the Papal Domains under Gregory I," by Prof. Theodor Mommsen; the "Regulation of the Apprentice System by the Customary Law of London," by Prof. Cunningham; and "Economy and its Concrete Conditions," by Prof. Brentano. In the last article Prof. Brentano seeks to find a basis for the evolution of economic life out of the family, and discusses the recent theories of primitive law and custom from the economic standpoint. His conclusions are in substantial accord with those of Westermarck, in his *History of Human Marriage*, as against the advocates of the clan theory. But the interesting part of the paper — which is to be followed by a second paper — consists in the economic explanation given of mother-right and other primitive institutions. The journal closes with a note by a French writer (Fabre) on the population of England under Henry II. In the next issue we are promised a number of reviews of books and articles on economic history. If the quality of the first number is kept up in succeeding issues, the *Zeitschrift für Social- und Wirthschaftsgeschichte* will undoubtedly take rank with the half-dozen journals which every economist, no matter what his nationality, is obliged to read.

E. R. A. S.

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RECORD OF POLITICAL EVENTS.

[From November 1, 1892, to May 1, 1893.]

I. THE UNITED STATES.

I. National Affairs.

FOREIGN RELATIONS. — Most conspicuous under this head has been **the question of Hawaiian annexation.** A revolution in the government of the Hawaiian Islands was precipitated by the attempt of Queen Liliuokalani, January 14, to promulgate, against the advice of her cabinet, a new constitution, restoring to the crown and to the native element in the population political powers which had been given up under the constitution of July 7, 1887. The resistance of the ministers thwarted the Queen's purpose, but the foreign element in Honolulu, embracing the leading professional and business classes, roused by the attempt, organized a committee of safety, which on the 17th proclaimed the abrogation of the monarchy, and the establishment of a provisional government to control affairs "until terms of union with the United States of America have been negotiated and agreed upon." In the meantime, on the 16th, a detachment of troops from the United States cruiser *Boston* was landed. The queen, assuming that this force had been landed to support the provisional government, submitted under protest, and the United States minister, followed by the other foreign diplomats, thereupon recognized the provisional organization as the government *de facto*. Five commissioners were immediately despatched to the United States to negotiate annexation, and were received by the State Department at Washington February 4. Two envoys sent by the queen to present her case to the government only reached Washington February 17, after the treaty of annexation was before the Senate. On February 1 Mr. Stevens, the United States minister at Honolulu, at the request of the provisional government, assumed in the name of the United States "protection of the Hawaiian Islands, for the protection of life and property, . . . but not interfering with the administration of public affairs by the provisional government," and the American flag was hoisted with some ceremony over the government building. In a despatch dated February 11, Secretary Foster disavowed this proceeding so far as it might be construed as "setting the authority and power of the United States above that of the government of the Hawaiian Islands, in the capacity of protector, or to impair in any way the independent sovereignty of the Hawaiian government by substituting the flag and power of the United States as the symbol and manifestation of paramount authority." A treaty of annexation, negotiated by

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Secretary Foster and the provisional government's commissioners, was transmitted to the Senate February 15, with a message from President Harrison recommending its ratification. The treaty provided that the Hawaiian Islands become an integral part of the United States; that a United States commissioner be appointed, with veto power over the acts of the existing provisional government, which, subject to this provision, shall continue until Congress otherwise provide; that the immigration of Chinese laborers to Hawaii be prohibited while the exclusion laws of the United States shall continue in force as against Chinese in Hawaii; and that the United States pay to Queen Liliuokalani $20,000 annually for life, and to the heir to the throne, Princess Kaiaulani, a gross sum of $150,000. The friends of annexation in the Senate were not strong enough to bring about action on the treaty before March 4. On March 9, President Cleveland withdrew the treaty from the Senate, and on the 15th despatched a commissioner, Mr. Blount, of Georgia, to Honolulu, to investigate the situation. The commissioner reached his destination two weeks later. On April 1, he declared the protectorate established by Minister Stevens ended, and ordered the removal of the United States flag from the government building, assuring the provisional government, however, that no interference by any other foreign power would be tolerated. Pending Commissioner Blount's report, the *status quo* has been maintained without disorder. — The court of **arbitration on the Behring Sea seal fisheries question** began its formal sessions at Paris, March 23. The members of the court were as follows: For the United States, Justice John M. Harlan and Senator John T. Morgan; for Great Britain, Lord Hannen and Sir John S. D. Thompson; for Sweden and Norway, Gregers W. W. Gram; for Italy, Marquis Emilio Visconti Venosta; and for France, Baron de Courcelles. The last named was chosen president of the court. Mr. John M. Foster, who resigned his office of Secretary of State at the end of February appeared as agent of the United States, and Mr. C. H. Tupper, Canadian Minister of Marine, as agent for Great Britain. The counsel included Messrs. Phelps, Carter, Coudert and Blodgett, for the United States, and Sir Charles Russell and Sir Richard Webster, for Great Britain. The printed cases and counter-cases of the parties were submitted to the court, and after a sharply contested controversy over the question of admitting a supplementary report on the fisheries, submitted at the last moment by Great Britain — the court deciding against its admission — Mr. Carter began on April 12 the oral argument for the United States in an address that was not completed at the close of this RECORD. The preparation of the case for the United States for presentation to the court was much embarrassed by the discovery in November that an employee to whom important duties had been assigned in preparing evidence, had by deliberate interpolation and mistranslation rendered his work entirely worthless, and so made necessary an entire recasting of the argument which had been based upon it. — **Our commercial relations with Canada**

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have been under discussion in respect to a number of different points. The friction over canal tolls was removed by a Dominion order in council of February 13, fixing the tolls for 1893 in such a way as to terminate the discrimination against citizens of the United States. In recognition of this, President Harrison, by proclamation of February 21, suspended until further notice the retaliatory tolls imposed last August (*cf.* last RECORD, p. 763). The operation of the laws and Treasury regulations in reference to the admission to the United States of goods landed at Canadian ports and brought under bond to this country, or carried from one part of the United States to another through Canada under consular seal, was made a subject of complaint to Congress by Mr. Harrison. He held that these laws had become detrimental to the United States through the advantages they gave to Canada's growing railway system, which, while competing with the United States roads, was not, like them, subject to the restrictions of the Interstate Commerce Act. On the shore-fisheries question some progress has been made by a definite agreement for a joint commission of two experts to study and report upon the prevention of destructive methods in taking fish and shellfish, the prevention of pollution to the fisheries, the expediency of close seasons, and other such questions. — **The extradition treaty with Russia**, which was ratified by the Senate February 7, and of which the exchange of ratifications was announced in St. Petersburg April 21, has called forth vigorous protests from liberal Russians in this country and their sympathizers. The terms of the treaty have not yet been officially published, but it is understood that under its provisions the murder of the Czar is declared not to be a political offense, and hence to be extraditable. The protests are based on the assertions that the Russian law treats as the "accomplished crime" acts such as joining societies for political agitation, expressing opinions favorable to assassination, *etc.*, and that the secrecy of procedure in political trials will render it impossible for the United States government to insure that a man extradited on a clearly criminal charge shall not be punished for a purely political offense. It is alleged, moreover, that under the treaty the forgery of passports would be extraditable, and thus the only means by which political agitators can escape would be rendered useless.

THE HARRISON ADMINISTRATION. — The annual **report of the Secretary of the Treasury** in December showed for the year ending June 30, 1892, revenues of $425,868,260.22, giving a surplus of $9,914,453.66. This, added to other resources, was employed in reducing the public debt by $40,570,467.98. As compared with the preceding year there was a decrease of thirty-two millions in revenue and ten millions in ordinary expenditure. For the year ending with June, 1893, the secretary estimated a surplus of two millions, and for the following year a little more, exclusive, however, of the requirements of the sinking fund. In view of the probable falling off of revenue under the coming tariff policy, and of the need of a larger gold reserve, the secretary considered the margin uncomfortably

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small, and hinted at the advisability of an increase in the whisky tax. Commercial statistics were presented by the report to show that the reciprocity arrangements of the administration had resulted in a gratifying increase of trade with the various countries as to both imports and exports. On the question of the treasury's condition the majority of the House Committee on Ways and Means, after an examination of the subject, reported just after the close of Congress that there was probability of a deficit of between thirty and forty millions by the end of the fiscal year 1894. This view was scouted by the Republican minority of the committee. — **The drain of gold from the treasury** has continued to excite attention, and more or less anxiety in financial circles. At the end of January the amount on hand was only about 108 millions, and shipments to Europe were active. Despite aid given by the banks to the treasury, the stock had decreased to 103 millions by March 4. Much discussion arose as to the duty and power of the Secretary of the Treasury to issue bonds to prevent the reserve fund from falling below a hundred millions. The legal power to take such a step was generally recognized, but a proposition by Senator Sherman to confer explicit authority to issue a shorter-term and lower-rate bond, while passed by the Senate February 18, failed to pass the House, partly because the incoming secretary, Mr. Carlisle, manifested some confidence that the issue of bonds could be avoided. — The provision for the registration of Chinese laborers, under the act of May 5, 1892, has been practically nullified by the concerted refusal of the Chinese, under advice of the more influential of their numbers, to apply for certificates. Preparations have been made to contest the constitutionality of the law if any attempt is made to deport unregistered Chinamen at the expiration of the year which was allowed for obtaining certificates. — **The report of the Secretary of the Navy** explained in detail the progress made in the creation of the new navy. Altogether forty-two vessels have been built or authorized, of which nineteen were put in commission during Mr. Harrison's administration, and eighteen more will probably be completed by the end of 1893. The secretary reported also great improvements in the production of armor plate and smokeless powder. — Early in January President Harrison ordered an **extension of the classified service**, so as to bring under the Civil Service Commission all free-delivery post-offices, 601 in number, instead of only the 53 which have fifty or more employees apiece, and also all employees of the Weather Bureau elsewhere than in Washington. The change affects over 7000 offices in all. — The following **appointments to office** were made by Mr. Harrison: — Ministers: To Italy, William Potter, of Pennsylvania, November 15; to Turkey, David P. Thompson, of Oregon, November 15; to Bolivia, Frederick J. Grant, of Washington, December 22; to Portugal, Gilbert A. Pierce, of Minnesota, January 4; to Venezuela, Frank C. Partridge, of Vermont, January 25. Department positions: Assistant Secretaries of the Treasury, John H. Gear, of Iowa, November 19, and G. M. Lamberton, of Nebraska, December 10; Commissioner of the

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General Land Office, William M. Stone, of Iowa, November 19; First Assistant Postmaster-General, H. C. Evans, of Tennessee, January 7. To fill the vacancy in the Supreme Court of the United States, caused by the death of Justice Lamar, the president created some surprise by nominating, February 2, a Southern Democrat, Judge Howell E. Jackson, of the federal circuit court. His nomination was confirmed, but that of Mr. Benton Hanchett, of Michigan, a Republican, to fill the vacancy thus made on the circuit bench, failed to secure action by the Senate.

CONGRESS. — The second session of the fifty-second Congress lasted from December 5 to March 4. **President Harrison's message** opened and closed with a justification of the tariff policy pursued during his administration. He presented statistics at length to sustain the thesis that "so high a degree of prosperity and so general a diffusion of the comforts of life were never before enjoyed by our people," and declared his belief that the protective system had been a mighty instrument in producing this result. Nor could he believe it "a perversion of the constitution to so legislate as to preserve in [our workingmen's] homes the comfort, independence, loyalty and sense of interest in the government which are essential to good citizenship." Yet he accepted the result of the recent election as necessitating a new policy, namely, a tariff "constructed solely with reference to revenue. The contention has not been between schedules, but between principles, and it would be offensive to suggest that the prevailing party will not carry into legislation . . . the pledges given to the people." Under the circumstances he recommended that the whole subject of tariff revision be left to the incoming Congress. The success of the reciprocity agreements of his administration he demonstrated by statistics of exports, and by reference to "the alarmed attention of our European competitors for the South American market." As to foreign relations, the only friction referred to was that — not serious, however — connected with a tendency in Turkey to curtail the tolerance hitherto characterizing the treatment of religious and educational establishments of American citizens. Mr. Harrison renewed his advocacy of the postal subsidy policy already adopted, and of its extension. The administration of the Pension Bureau was commended, and the general policy of the pension system eulogized. In connection with a demand for an exclusively national quarantine system, the president recommended still further limitations on immigration, and he called again for some action by Congress looking to restraints upon gerrymandering and to more extensive control over federal elections. — The **legislation completed** at this session included few measures of great importance outside of the regular appropriations. These latter, which only passed in the last week of the session, amounted to over five hundred millions, making the total for the fifty-second Congress about equal to the billion which had been made a reproach against the fifty-first Congress. The deficiency appropriations amounted to about twenty-one millions, of which fourteen millions were for pensions. Among the bills which became law,

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and which are not mentioned elsewhere in this RECORD, were the following: That repealing a clause of the McKinley tariff, by which a heavy increase (15 per cent) of duty on fine linen was to go into effect January 1, 1894; the Immigration Bill, requiring steamship companies to prepare at the port of departure, and to present at the port of entry, full information concerning each of their immigrant passengers, and increasing by three the excluded classes of aliens, namely, (1) those over sixteen years of age that are illiterate, (2) cripples, blind persons, or others physically imperfect (unless they can show satisfactorily that they will not become a public charge), and (3) persons belonging to societies which favor or justify the unlawful destruction of property or life; the Automatic Car-Coupler Bill, requiring interstate railways to adopt for freight cars some form of safety-coupler to be settled upon later; and a bill supplementing the Interstate Commerce Act by making it a penal offense to refuse to testify or produce books and papers under the subpœna of the commission, but exempting witnesses from prosecution or punishment for transactions concerning which they testify. — Of the **measures that failed** to pass, excepting the Silver Bill, elsewhere referred to, most attention was attracted by the Anti-Option Bill. The bill passed by the House of Representatives at the previous session (see last RECORD) was finally adopted by the Senate, after long discussion and some amendment, January 31, by a vote of 40 to 29. Though a majority of the House of Representatives was ready to approve the Senate amendments, the sharp parliamentary tactics of the adversaries of the measure forced its manager to attempt its passage, March 1, under suspension of the rules, which required a two-thirds majority. The vote stood 172 for and 123 against suspension, and the attempt accordingly failed. A bill repealing the clause of the McKinley tariff by which a duty is to be imposed on bar, block and pig tin after July 1, 1893, was passed by the House, but failed in the Senate. — Pursuant to a call of President Harrison, an **extra session of the Senate** began March 6. A reorganization of the committees was immediately effected, to correspond to the changed political complexion of the majority. The chairmen of the more important committees were elected as follows: Appropriations, Cockerell of Missouri; Commerce, Ransom of North Carolina; Finance, Voorhees of Indiana; Foreign Relations, Morgan of Alabama; Indian Affairs, Jones of Arkansas; Interstate Commerce, Butler of South Carolina; Judiciary, Pugh of Alabama; Pensions, Palmer of Illinois; Privileges and Elections, Vance of North Carolina. Beyond confirming the nominations of officers by the president, no business of importance was transacted, and the Senate adjourned April 16.

THE ELECTIONS. — The voting on November 8 resulted in a general victory for the Democratic Party, which gained control of the presidency and of both houses of Congress. As formally declared by Congress, February 8, the electoral **vote for president and vice-president** was as follows: Cleveland and Stevenson, 277; Harrison and Reid, 145; Weaver and

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Field, 22. The most striking feature of the elections was the great losses of the Republicans in the West. Illinois and Wisconsin went Democratic by large majorities, California and Ohio were very close, and Colorado, Idaho, Kansas and Nevada chose Populist electors. The Democrats carried all the Northern states generally regarded as doubtful, *viz.*, Connecticut, New York and Indiana, but they nearly lost Delaware. An unusual incident of the result was the division of the electoral vote in several states, owing to the closeness of the popular vote. Thus in Ohio one Cleveland elector and in Oregon one Weaver elector was chosen, the others being Republican; and in California and North Dakota Mr. Harrison secured single votes in the same way. From the conditions of fusion between the Democrats and Populists in the last-named state, it resulted that one of her three electoral votes was given to each of the three candidates. In Michigan, under the district method of choosing electors recently established, Harrison got nine votes and Cleveland five. The popular vote of the whole country was as follows: Cleveland, 5,554,685; Harrison, 5,172,343; Weaver, 1,040,600; Bidwell, 273,314. These figures give to Weaver the total fusion vote of the five states in which the Democrats coalesced with the Populists. — The voting for representatives in Congress resulted in the return of a clear Democratic majority of about 70. The political complexion of the Senate was long in doubt, owing to the confused situation in many of the Western legislatures, where the Populists were an influential third party. As settled in March, after the adjournment of the doubtful legislatures, the roll showed 45 Democrats, 39 Republicans and 4 Populists, thus assuring to the Democrats the organization of the house. Some doubt exists, however, as to the validity of the election by which a Democrat was chosen in Kansas, and as to the regularity of appointments by the governors in three states where the legislatures failed to elect. This latter question involves two Republicans and one Democrat.

THE CLEVELAND ADMINISTRATION. — The inauguration of the new president took place with the usual ceremonies Saturday, March 4. Mr. Cleveland's **inaugural address** took as its general theme the perils of over-confidence in our institutions and the necessity of watching constantly "for every symptom of insidious infirmity that threatens our national vigor." Among the dangers that were now threatening he referred especially to the exposure of the currency to degradation, and to the popular disposition "to expect from the operation of the government especial and direct individual advantages," — a disposition from which spring the "evils which are the unwholesome progeny of paternalism," such as protection for protection's sake, bounties and subsidies, which burden part of the people "to aid ill-advised or languishing enterprises," and "reckless pension expenditure, which overleaps the bounds of grateful recognition of patriotic service, and prostitutes to vicious uses the people's prompt and generous impulse to aid those disabled in their country's defense." He deprecated "the contempt of our people for frugality and economy in their personal affairs," as deplor-

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ably sapping the strength of our national character, and as discouraging strict economy in public expenditures. Civil service reform, restrictions on combinations in trade which limit production and fix prices, and equality before the law without reference to race or color were set forth as essential to the American ideal. As to tariff reform, Mr. Cleveland recognized the people's positive mandate that it be accomplished, but held that "our task must be undertaken wisely and without vindictiveness. Our mission is not punishment, but the rectification of wrongs." He admitted that the task was a difficult one, but called upon those who were to coöperate with him for sincere, disinterested and harmonious effort; since failure would bring swift and exact accountability to the people. — **The new cabinet** was completed February 22, Mr. Cleveland having disregarded former custom by announcing the members as soon as their acceptance was definitely given. The list was as follows: Secretary of State, Walter Q. Gresham, of Indiana; Secretary of the Treasury, John G. Carlisle, of Kentucky; Secretary of War, Daniel S. Lamont, of New York; Secretary of the Navy, Hilary A. Herbert, of Alabama; Secretary of the Interior, Hoke Smith, of Georgia; Secretary of Agriculture, J. Sterling Morton, of Nebraska; Postmaster General, Wilson S. Bissell, of New York; Attorney General, Richard Olney, of Massachusetts. Most comment was occasioned by the appointment of Judge Gresham to the State Department, the judge having up to the last campaign been a Republican. — The attention of the new administration up to the close of this RECORD has been occupied chiefly with **appointments to office**. By a clause of the Diplomatic Appropriation Act, passed February 27, the president was authorized to raise a minister to the rank of ambassador whenever the government to which he was accredited gave that rank to its representative at Washington. Great Britain and France accordingly promoted their ministers at Washington to be ambassadors, and Mr. Cleveland in return nominated ex-Secretary Bayard, of Delaware, and ex-Senator Eustis, of Louisiana, as ambassadors to those two governments respectively. Mr. Eustis was nominated first as only minister, but after the official notice, March 25, that France had promoted her minister, the president sent in his name again for the higher rank. The other principal diplomatic representatives appointed were as follows: — Envoys Extraordinary and Ministers Plenipotentiary: To Germany, Theodore Runyon, of New Jersey; to Denmark, John E. Risley, of New York; to Mexico, Isaac P. Gray, of Indiana; to Chile, James D. Porter, of Tennessee; to Peru, James A. McKenzie, of Kentucky; to Nicaragua, Costa Rica and San Salvador, Lewis Baker, of Minnesota; to Guatemala and Honduras, P. N. B. Young, of Georgia; to Japan, Edwin Dun, of Ohio; to Switzerland, James O. Broadhead, of Missouri; to Austria-Hungary, Bartlett Tripp, of South Dakota; to Greece, Roumania and Servia, Eben Alexander, of North Carolina; to Spain, Hannis Taylor, of Alabama; to Turkey, Alex. W. Terrell, of Texas; to Colombia, Luther F. McKinney, of New Hampshire; to Brazil, Thomas L. Thompson, of

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California. Minister-Resident to Portugal, G. W. Caruth, of Arkansas. Important posts in the executive departments at Washington were filled as follows: — State Department: First Assistant Secretary, Josiah Quincy, of Massachusetts; Third Assistant Secretary, Edward H. Strobel, of New York; Solicitor, Walter D. Dabney, of Virginia. The Treasury: Assistant Secretaries, William E. Curtis, of New York, and Charles S. Hamlin, of Massachusetts; Treasurer, Daniel N. Morgan, of Connecticut; Controller of the Currency, James H. Eckels, of Illinois; Commissioner of Internal Revenue, J. B. Miller, of West Virginia. Department of the Interior: Assistant Secretary, John M. Reynolds, of Pennsylvania; Commissioner of Pensions, William Lochren, of Minnesota; Commissioner of Indian Affairs, Daniel M. Browning, of Illinois; Commissioner of Railroads, Wade Hampton, of South Carolina; Commissioner of Patents, —— Seymour, of Connecticut. Navy Department: Assistant Secretary, William McAdoo, of New Jersey. Department of Justice: Assistant Attorneys General, John I. Hall, of Georgia, and Edward B. Whitney, of New York; Solicitor General, Lawrence Maxwell, jr., of Ohio. Post Office Department: Fourth Assistant Postmaster General, Robert A. Maxwell, of New York. The vacant seat on the circuit bench was filled by James G. Jenkins, of Wisconsin. In dealing with applications for office, Mr. Cleveland laid down the rule within a week after his inauguration that the fact of having held an office during his previous term would not be a conclusive recommendation for a reappointment of the applicant. The rule was not held, however, to operate against an applicant for an office different from that previously held. As to postmasters, two important principles were announced by the department; first that no postmasters whose salaries depend on the sale of stamps shall be engaged in any other business than that of postmaster; and second, no application for a postmastership would be considered unless accompanied by a paper showing that the applicant was endorsed by a fair proportion of the people who used the office. The new Treasury Department regulations required a pass, not competitive, examination for the position of chief of division. — A renewal of heavy gold exportation in the middle of April brought prominently before the public **the administration's policy as to gold.** On the 16th Secretary Carlisle suspended the issue of gold certificates, as is by law required when the greenback-redemption fund falls below $100,000,000. Disquieting rumors as to the course to be pursued by the Treasury, in view of the admitted fact that the reserve had been invaded, led to a statement by Mr. Carlisle, April 20, declaring that the government proposed to maintain the parity of gold and silver by all lawful means, but omitting to state the means that would be employed. This omission gave rise to reports that the coin certificates under the Sherman Act of 1890 were to be redeemed in silver. On the 23d, President Cleveland issued a statement denying emphatically that such a course had been contemplated, and declaring that the cabinet was entirely harmonious in the purpose to main-

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tain the public credit. Secretary Carlisle received aid from the Southern and Western banks in contributions of gold in exchange for notes, but his negotiations with the New York banks were not successful. At the close of the RECORD the reserve was several millions below the hundred-million mark.

THE SILVER QUESTION. — The International Monetary Conference called by the United States to deal with this subject sat at Brussels from November 22 to December 17. The main features of the proceedings (for more detail see *ante*, pp. 197 *et seq.*) were as follows: First, the delegates of the United States submitted a resolution affirming the desirability of increasing the use of silver as currency, and suggested two different plans by which this end might be attained, without full general bimetallism. On November 28 Mr. de Rothschild, a delegate for Great Britain, submitted a plan providing that the United States should continue its present purchases of silver, while the European powers should aid in keeping up the price by the annual purchase for five years of twenty-five million dollars' worth. All these plans were referred to a committee of fourteen, which discussed and modified the plans, and then reported them back to the conference, December 2, but without recommendation of any one. The conference, after some little discussion of the Rothschild plan, which resulted in its withdrawal, then devoted itself to a general discussion of bimetallism, with no definite results. On December 17 it was resolved that the sessions be suspended, to be resumed, if the various governments approved, on the 30th of May, 1893. — **In Congress** attention was centered chiefly on the possibility of securing the repeal of the silver-purchase law of 1890, known as the Sherman Act. Several bills for attaining this end were introduced, by both friends and foes of the free coinage of silver. The friends of free coinage desired repeal in order to get rid of only the bullion quality in the silver purchased; their opponents wanted repeal to get rid of the purchase altogether. A motion of Senator Hill, of New York, to take up his bill for repeal was defeated in the Senate, February 6, by a vote of 42 to 23. A similar motion in the House three days later met a like fate, and hence no result was reached.

THE FEDERAL JUDICIARY. — On April 3 the supreme court decided, in the case of Lascelles, that when a fugitive from justice who has been surrendered by one state of the Union to another, upon requisition charging a specific crime, is tried in the state to which he has been returned for another offense than that charged in the requisition, there is no violation of any right, privilege or immunity secured to the individual by the constitution and laws of the United States. On April 16, the same court held that a discrimination in the Texas law against liquor dealers in respect to the manner of collecting taxes was not a violation of the fourteenth amendment. — In South Carolina and Missouri the United States courts have been obliged to assert their authority against state officers. Sheriffs in four counties of the former state, under specific orders

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of the governor, seized for non-payment of taxes property of several railroads which were in the hands of receivers appointed by the federal courts. The circuit court at Charleston thereupon, February 16, arrested and fined the sheriffs for contempt, and the governor proceeded to bring the matter to the supreme court at Washington by *habeas corpus*. On April 24, the supreme court denied the writ in an opinion sustaining the lower court in every particular. In Missouri the federal district court declined, March 3, to release from imprisonment for contempt the St. Clair County judges who refused to levy a special tax ordered by the court to pay certain railway bonds — the refusal being based on a clause of the state constitution explicitly prohibiting special levies in such cases. — The difficulties in the way of enforcing the provision of the Interstate Commerce Act forbidding discrimination in rates were illustrated anew in the district court at Chicago by the failure in November of an attempt to prosecute prominent business men and railway officers for violating the law. The district attorney admitted that, under the ruling that the defendants need not answer questions tending to criminate themselves, he had no sufficient evidence. On December 7, Judge Gresham, of the circuit court at Chicago, rendered a decision even more demoralizing to the purpose of the law than the decision on the short-haul clause in October (see last RECORD, p. 767). Application having been made to the court for an order compelling the production of books and the answering of questions deemed necessary to certain investigations by the Interstate Commerce Commission, Judge Gresham decided that "so much of section 12 [of the act] as authorizes or requires the courts to use their powers in aid of inquiries before the Interstate Commerce Commission is unconstitutional and void."

THE CHOLERA AND QUARANTINE. — The operation of the Treasury circular of September 1, requiring twenty days' quarantine for every vessel carrying immigrants, acquired new force by a ruling of the acting-secretary, November 3, in which "immigrants" was construed to mean "persons who are not naturalized citizens, who arrive in this country for the purpose of establishing permanent residence, . . . without reference to what part of the vessel said passengers have occupied during the voyage." A tendency to limit "immigrants" to "steerage passengers" was thus checked, and the availability of health regulations for the restriction of immigration in general was emphasized. — In view of the continued manifestations of cholera in Europe, a more satisfactory system of dealing with it on this side was regarded as necessary. Exclusively national quarantine service was thought by many to be desirable, but when measures looking to this end were brought forward in Congress, state interests and the fear of centralization proved very influential. The bill that became law in February requires first, for every vessel entering the United States from a foreign port, a sanitary certificate from a consul or medical officer of the United States at the port of departure. The Secretary of the Treasury is then authorized to make rules and regulations to prevent the introduction of

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contagious diseases into the country, which rules are to be enforced primarily by state and municipal boards of health, but with the "coöperation" of the national marine-hospital service. Where "sufficient quarantine provision has been made by state or local authorities," infected vessels may be quarantined under such authorities; but where no such provision has been made, the national officials are to deal with the matter at their discretion. Finally, when the president is satisfied that the interest of the public health demands it, he is authorized "to prohibit, in whole or in part, the introduction of persons or property from such countries or places as he shall designate and for such period of time as he may deem necessary." The "rules and regulations" required by this law were promulgated by the Secretary of the Treasury March 3. They are especially explicit in reference to the inspection and disinfection at the foreign port.

II. AFFAIRS IN THE STATES.

THE ELECTIONS. — The voting for state officers in November showed in general the same Republican losses that were revealed on national issues. In Massachusetts, which gave Harrison a large majority, the election of the Democratic governor, Russell, was generally regarded as due to his personal popularity. In the West the Populist influence was chiefly responsible for some differences between state and national results. Thus Wyoming, while giving its electoral vote to Harrison, chose a Democratic governor, and Idaho, whose presidential vote went to Weaver, elected a Republican state ticket. A number of legislatures were very evenly divided. In Montana, Wyoming and Kansas resort to the courts was necessary to determine which party should be in control. The Republicans carried the day in Montana and the Democrats in Wyoming. **The dispute in Kansas** was more serious and for some time threatened bloodshed. Here the Populists, who by fusion had practically absorbed the Democratic party, carried both their electoral and state tickets, and secured a substantial majority in the state senate. In the lower house of the legislature the formal returns showed a clear Republican majority, and an appeal to the courts by the Populists failed to shake the legality of this situation. At the meeting of the legislature in January, however, the Populists persisted in organizing the house by the votes of contestants for seats which the state canvassing board had given to the Republicans. This proceeding was resisted by the Republicans, who set up an organization of their own. The two bodies, each claiming to be the legal house, contended during two months for the possession of the legislative hall amid great confusion and scandal. The Populist governor and senate recognized the Populist house, though the latter long avoided any act by which the controversy could be brought before the courts. On February 25, however, a case which involved the status of the Republican organization was decided by the supreme court, which sustained the legality of that house. Two days later the Populist

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members resolved to submit to the court's opinion and to join with the Republican body. The municipal elections in April showed general Republican victories, which were attributed to an unusually active participation of the women, who enjoy the right of voting in local affairs. — The Rhode Island elections in April resulted in a small Democratic plurality, throwing the election of governor into the legislature. In Michigan the Republicans carried their state officers, April 3, by about the same majorities as their electors in November. — **Constitutional amendments** were voted on in a number of states. New York rejected three, providing respectively for the settlement of disputed elections by the courts, an increase in the number of supreme court judges, and the sale of salt springs by the legislature. In Massachusetts one was ratified, abolishing the property qualification for the office of governor. In California a proposed amendment extending the limit of legislative sessions from sixty to one hundred days was defeated, and one fixing a limit to the amount of debt to be incurred by municipal corporations was carried. Popular votes were taken in this state to elicit opinion on the desirability of electing United States senators by direct vote of the people, and of an educational qualification for voters. Each question was decided in the affirmative by great majorities. Colorado ratified two amendments, authorizing municipalities to levy special assessments for public improvements and repealing the limitation on the state tax levy. Illinois rejected a proposition to permit two constitutional amendments to be submitted to popular vote at the same time. Minnesota ratified an amendment prohibiting special legislation. Rhode Island rejected a proposal to make elections biennial instead of annual.

VARIOUS LEGISLATION. — The general triumph of the People's Party in **Kansas** aroused much interest in the laws and administration which should come from this fact. Governor Lewelling's inaugural address was conceived in terms like those of the party platform and the "demands" of the Farmers' Alliances. The conflict over the control of the house (see above) and the constitutional limit on the duration of the session prevented the completion of the radical railway legislation that was expected. Among the laws actually passed were an Australian Ballot and a Corrupt Practices Act; a Valued-Policy Act for insurance companies, and a bill forbidding contracts payable in gold. — In **Idaho** the competition of the parties for votes resulted in the passage of a law granting the suffrage to the Mormons, hitherto disfranchised. — The law in Michigan providing for the choice of presidential electors by districts was repealed early in February. — The current of judicial opinion against **gerrymandering** has been swollen by a decision of the Indiana supreme court, December 17, declaring unconstitutional the apportionment acts of 1891, 1885 and 1879, and by a decision of the New York court of appeals, April 11, nullifying a grossly unequal apportionment of Kings County into Assembly districts. — The court of appeals in **Maryland** declared unconstitutional, March 15, an act under

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which the municipal authorities of the village of Hyattsville had put in operation a system of assessment involving the principles of the single tax on land. It was held that under the state constitution the legislature had no power to impose the whole burden of taxation on a single class of property.

LABOR INTERESTS. — **The Homestead strike**, which caused such serious trouble last summer, was continued in force, but with waning vigor, till November 20, when it was formally declared off by the workingmen's association. No convictions were secured in the trials of the leading strikers for murder in connection with the attack on the Pinkerton watchmen in July, but one of the strikers was convicted of participation in a successful plot to murder non-union men by putting poison in their food. — Several recent **judicial decisions on boycotting** in various localities have thrown important light on the legal questions involved. Circuit Judge Billings, at New Orleans, March 25, in dealing with a case arising out of a general labor strike in that city in November, held that the terms of the Anti-Trust Act in reference to combinations in restraint of interstate and foreign commerce applied as well to laborers as to capitalists; that a combination among laborers to allow no work to be done in moving merchandise which was being conveyed through the city of New Orleans from state to state, and to and from foreign countries, until the demands of employees in certain kinds of business were complied with, was within the prohibition of the statute; but that the mere refusal to work, or a combination among many laborers not to work, with no attempt by intimidation and violence to prevent others from working, would not contravene the statute. At Toledo, Ohio, April 3, Judge Ricks, of the United States district court, having previously issued an injunction restraining the Lake Shore Railroad from refusing to take freight from or to the Ann Arbor road, whose engineers were on strike, fined for contempt of court an engineer of the former line who, while making a run, refused to take a freight car from the latter. Several engineers who gave up their positions so as not to handle the boycotted freight were also charged with contempt, but were acquitted on the ground that in giving up their positions before coupling their engines to the train for the run, they were within their rights. Judge Taft, of the circuit court, at the same place and on the same day granted an order restraining Chief Arthur, of the Brotherhood of Locomotive Engineers, from putting in force a rule of that association requiring members to boycott freight and cars from or to any road on which a brotherhood strike existed. The basis of these decisions was (1) the clause of the Interstate Commerce Act requiring common carriers to afford proper and equal facilities for interchange of traffic between their respective lines; (2) the principle that the employees of a company constitute part of the company so far as the requirements of the act are concerned; and (3) as to the case of Chief Arthur, that the order to boycott, being an incitement to a violation of the law, is subject to control by the courts. This whole

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question has been carried up to the United States supreme court. At Macon, Georgia, April 8, Judge Speer, of the United States circuit court, granted a petition of the Brotherhood of Locomotive Engineers that the receiver of a road in the court's control should contract with the organization in reference to terms for the services of its members. The judge pointed out to the petitioners, however, that the rule of their organization obliging members to boycott the cars of a road where a strike was in force, was a direct violation of both the Anti-Trust and the Interstate Commerce acts, and he required a formal pledge to recognize this fact as a condition of granting their petition. — The annual convention of the Knights of Labor was held at St. Louis, November 15. A membership of 260,000 was reported, and a good balance in the treasury. Mr. Powderly was reëlected General Master Workman. The Federation of Labor held its annual session at Philadelphia, beginning December 12. Here, too, a growing membership and satisfactory finances were reported, and the former president, Mr. Gompers, was reëlected. In both assemblies much denunciation was directed at the use of the militia against strikers and at the failure to stop foreign immigration, and in each the hopelessness of reconciling the differences between the two was admitted.

THE FARMERS' ALLIANCE. — The annual convention of this organization was held at Memphis, November 15–19. The proceedings were characterized throughout by much bitterness between the faction favoring and that opposing political activity in the order. The former had its strength among the members from the Northwest; the latter among those from the South. In the election of president, H. L. Loucks, the candidate of the former element, was successful. The failure of the Southern members to leave the Democrats and vote for Weaver in the last election was a source of great dissatisfaction to the Western members. As against the action of the latter on various matters, the Southern delegates entered a formal protest, concluding with an expression of fear that they would sooner or later be forced to withdraw their respective state Alliances from the general organization. The members of the executive committee of the People's Party were in Memphis during the convention and were very active in influencing the assaults on the Southern delegates.

NECROLOGY. — January 11, General B. F. Butler; January 15, Gen. Rufus Ingalls, formerly quartermaster-general of the army; January 17, ex-President Rutherford B. Hayes; January 23, Supreme Court Justice Lucius Q. C. Lamar; January 27, ex-Secretary of State James G. Blaine.

II. FOREIGN NATIONS.

INTERNATIONAL RELATIONS. — Striking incidents under this head have been entirely lacking during the period under review. Some new **phases of the commercial adjustment** in Europe have appeared. A tariff

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war has arisen between France and Switzerland, caused by the French Chamber's rejection, December 24, of the convention negotiated last summer. France has concluded a treaty with Canada, which, however, lacks ratification. Spain's negotiations with Germany, France and Italy for definite treaties have not been concluded, but an agreement with Portugal was reached March 23 which is so liberal in its terms as to amount practically to a commercial union for the peninsula. The negotiations between Germany and Russia seem not to have resulted as yet in a satisfactory basis for agreement. — In the field of **royal sociability**, the very cordial visit of the Russian heir-apparent to Berlin, for the wedding of the Princess Margaret, in January, was construed as evidence of a pro-German leaning on the part of the Czar, designed to inform the French that the Panama scandal was not approved in St. Petersburg. The silver wedding of King Humbert was the occasion of a visit of the Emperor William to Rome, April 20. On the 23d the emperor made a state call at the Vatican and held a private conference of fifty-eight minutes with Pope Leo. The much-discussed question as to the Austrian emperor's policy on the occasion of Humbert's celebration was solved by the designation of the Archduke Rénier to represent Francis Joseph, with instructions not to call on the pope. The clerical press and the Irredentists were equally offended by this solution. — The Russian government found occasion in the proposed amendment of the Bulgarian constitution to send forth in March one of its periodical circular notes to the powers, protesting against the proceeding as another instance of the tyranny with which the government was afflicting the people of the principality. On the occasion of Prince Ferdinand's wedding, in April, the prince and Premier Stambouloff were received at court in Vienna, though not officially, and Stambouloff, in public speech, assumed a tone of very bold defiance as against Russia. — In reference to the Pamirs, Russia has declined to enter into a triangular negotiation with China and Great Britain, but has consented to treat with each separately. The officers connected with last summer's expedition to the Pamirs have received especial honors from the government for their conduct in the matter.

GREAT BRITAIN AND IRELAND. — Judicial decisions under the Corrupt Practices Act resulted in the unseating of members of Parliament chosen in four districts at the last elections. Two Conservatives elected in English constituencies were thrown out for having paid money for badges and "treating," and two anti-Parnellite Irish members, one of whom was Michael Davitt, were disqualified on account of the active and open employment by the Catholic clergy of spiritual influence in their behalf. — **Parliament** did not convene till January 31. The Queen's Speech announced a slight increase of British troops in Egypt, but without modification of policy, and a decrease of agrarian crime in Ireland, under the revocation of the coercion proclamations. The measures promised for consideration, besides the Irish Government Bill, included a large

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number of projects for internal reform in England and Wales on lines satisfactory to the more radical elements of the party. The debate on the Address was terminated February 11, and on the 13th the **Home Rule Bill** was introduced by Mr. Gladstone, in a speech of two hours and a quarter. Leading features of the measure were as follows: A bicameral legislature for Ireland, with powers limited first by a list of subjects regarded as imperial in their nature, and second, by a kind of bill of rights, securing to individuals religious freedom, due process of law in deprivation of life, liberty or property, *etc.;* the two chambers to be elective, the first, by voters having a twenty-pound qualification as owners or occupiers, the second, by voters qualified under the existing Parliamentary franchise. An executive, consisting of (1) a lord-lieutenant appointed by the queen for six years, subject to removal, and (2) a cabinet on whose advice, subject to the overruling of her Majesty, the lord-lieutenant shall approve or veto the bills passed by the legislature. An independent judiciary, with appeal to the British privy council; before the latter, as a supreme court, either the lord-lieutenant or a secretary of state may bring for speedy determination the question whether any act of the legislature is *ultra vires.* The Irish peers to sit in the House of Lords and eighty members for Ireland to sit in the House of Commons at Westminster, but without the right to vote on matters not directly affecting Ireland, each house to be the final interpreter for its own members of any question arising on this point. All taxation of Ireland, save customs, excises and postage, to be imposed by the Irish legislature, to which also is committed the collection of all save the customs, which are to go directly into the British exchequer and constitute Ireland's contribution to imperial expenditure. The Irish Constabulary to be gradually reduced and replaced by local police; and no legislation on the relations of landlord and tenant to be enacted by the Irish legislature for three years after the passing of this act. The chief points of attack on the bill by the Conservatives, outside the general issue, were the admitted difficulties of working Parliament with Irish representatives voting for some purposes and not for others, the alleged injustice of the financial adjustment, and the lack of protection for the interests of Ulster. The Parnellite faction assumed a critical but not seriously hostile attitude toward the bill. Both Irish factions claim that the financial clauses are unfair to Ireland. The second reading of the bill was moved by Mr. Gladstone April 6, and was carried April 21 by a vote of 347 to 304.— In the interval between the introduction and second reading of the government's chief measure, a number of **other bills** announced in the Queen's Speech were brought forward and advanced through the first stages. Among these were: A bill suspending the creation of new ecclesiastical interests in Wales, being the first step toward disestablishment in the principality; the Parish Councils Bill, transferring local government in rural districts in England and Wales from the vestries and guardians to councils, elected by secret ballot on the "one man one vote" principle; the

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Direct Veto Bill, providing for local option on the question of permitting the liquor traffic; an Employers' Liability Bill; and a Registration Bill, designed to facilitate voting especially by the poorer classes. — Sir William Vernon-Harcourt presented the budget for the coming year April 24. It announced a probable deficit of £1,574,000, which the government proposed to meet by an increase of the income tax a penny in the pound. — A strike of Lancashire cotton workmen, which began in November and involved 125,000 hands, was only ended March 24. The cause of the strike was a proposed reduction of wages, and the result was a compromise by which only half the proposed reduction was made, but in which a very elaborate scheme was arranged for the prevention of strikes in the future— In **Ireland** the Evicted Tenants Commission (see last RECORD, p. 776) began its sessions November 8. At the first sitting the privilege of cross-examining witnesses was denied to counsel for Lord Clanricarde, whose estate was under investigation, and thereafter the landlords generally refused to attend and give evidence. The report of the commission was presented in March. It recommended that either the Land Commission or a special commission should be clothed with extensive authority to settle the existing differences, acting as arbitrators where conciliation was possible, and in other cases exercising discretionary power to locate the tenants on some land, if not on their old holdings. In December the government pardoned four of the prisoners undergoing punishment for participation in an assault which resulted in the death of a police officer at Gweedore, some years ago, and in January two of the Irish dynamiters were released from an English prison. An explosion of a dynamite bomb at Dublin Castle, by which a detective was killed, occurred just after the first of these incidents, and was seized upon by the opposition as pointing the moral of a policy of conciliation. — Belfast has been the center of a most tempestuous agitation against the Home Rule Bill. Public meetings, petitions to government, prayers in the churches and countless other methods of expressing hostility have been employed. Threats of civil war rather than submission have been very common, and reports of military organization and drill among the Orangemen are well authenticated. In the last week of April, just after visits of Mr. Balfour and other opposition leaders to Belfast, rioting against the Catholics began among the Orangemen in that city, but was checked by the police before great damage was done.

THE BRITISH COLONIES. — The expected **reorganization of the Canadian ministry** followed the resignation, November 25, of Prime Minister Abbott, on account of ill health. He was succeeded by Sir John S. D. Thompson, who retained all but two of the former ministers. The Dominion Parliament was in session from January 26 to April 1, one of the shortest sessions on record. Party contention centered chiefly about tariff policy, the Liberal opposition demanding reciprocity, especially with the United States, and the government holding to the existing protection. Some slight reductions of duty were proposed in the

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finance minister's budget speech. Owing to some uncertainty as to the effect of the most-favored-nation clause on relations with the United States, the reciprocity treaty negotiated with France in March was not laid before Parliament for ratification. — Relations between **Newfoundland and Canada** have been put on a better footing through a conference between delegates of the two governments at Halifax in November. Tariff discriminations on both sides have been abandoned, Newfoundland's Bait Act has been suspended, and Canada has intimated a willingness to withdraw her opposition to a special commercial agreement of Newfoundland with the United States if she cannot herself soon reach an arrangement with the latter government. The conference will meet again in June. — In **Australia**, financial difficulties have absorbed most of the energies of the various governments. Business failures have been numerous and disastrous and the public revenues have fallen off greatly in most of the colonies of the continent. A policy of thorough retrenchment in expenditure and increase of taxation has been forced upon every government. A step forward in the matter of Australasian federation was taken in January through the adoption by the legislature of New South Wales of resolutions approving the main principles of the draft of a constitution made in 1891 (see RECORD for June, 1891, p. 394), recommending a second convention, to consider such amendments as should be suggested by the various governments, and declaring that the final adoption of a federal constitution ought to be by popular vote in each colony. — A **constitutional reform in India**, in accordance with a recent act of Parliament, was put in operation by the government during the spring. The legislative councils, both supreme and provincial, will hereafter include non-official members, practically elected (but subject to the approval of the various governors) by constituencies embracing the most progressive classes of natives. This scheme is a first step toward conciliating the great body of native opinion which is agitating for representative institutions.

GERMANY. — The central point in imperial politics all through the period under review has been the **Army Bill.** The Reichstag was opened November 22 with a speech from the emperor in which he laid especial stress upon the importance of the measure. On the following day the bill, having been adopted by the Bundesrath, was introduced in the lower house. Chancellor von Caprivi in his opening speech laid the main stress on the necessity of keeping up with the increasing numbers of the French and Russian forces. Public opinion had been from the outset generally hostile to the proposed law, and most of the various fractions in the legislature promptly declared themselves against it. The project, after its first reading, was in the middle of December referred to a committee of twenty-eight members, where it was vigorously discussed throughout the winter, the chancellor steadily refusing all demands for amendments made by the various parties as conditions of their support. The government had sought to conciliate favor to the increase of numbers by the provision reducing the

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term of service from three to two years. The Freisinnige Party supported the latter and rejected the former clause; the Clericals took pretty much the same ground; the National Liberals proposed a compromise giving a less increase than the bill demanded; while some of the Conservatives, in which fraction alone Caprivi obtained important support, objected strenuously to any change in the term of service. On March 17 the committee, on a definite vote, resolved to report against the bill. Protracted negotiations by the government with the Clericals had not won them over at the end of April, and a dissolution of the Reichstag was then generally expected. — The difficulties of the government in reference to its principal measure were closely connected with **other projects of legislation** which were up for consideration during the session. A bill permitting a return of the Jesuits, for example, failed of passage; and this was regarded as affecting the attitude of the Clericals. The Conservatives, moreover, were not united in following the government, on account of dissatisfaction with its commercial policy. Reports as to the progress of negotiations with Russia for a commercial treaty stirred up great commotion among this party, and besides attacks on the government in Parliament, a great gathering of agriculturists at Berlin in the middle of February was employed as a demonstration against the abandonment of the old protective principle, and in favor of bimetallism. Several strong agrarian organizations have been formed, under the leadership of prominent Conservatives, with programs opposing both the commercial and the monetary policy of the government. — Another movement that has had some influence in weakening the connection between the government and the Conservatives is the recrudescence of **anti-Semitism.** The central figure in this is one Ahlwardt, who some time since was convicted of libel upon the members of a Jewish firm of contractors, whom he charged with furnishing defective rifles to the government. While in prison awaiting trial he was unexpectedly elected to the Reichstag in a district where anti-Semitic votes had been almost unknown. Having served out his sentence he was released in February and immediately resumed his agitation. In the Reichstag he made sweeping charges of corruption in the government in connection with various matters in which Jewish financiers were concerned, but failed entirely to substantiate the accusations, and was denounced by every party in the house. In public meetings, however, he has continued to draw great crowds, especially from the lower classes. The influence of the sentiment he represents has been seen in several other elections, in which the anti-Semitic vote has been decisive. Though the Conservative leaders have renounced Ahlwardt, yet a serious anti-Semitic feeling is to be found among their followers, and the possible effect of this in a general election is a subject of perplexity. — **In the Prussian Landtag,** which began its session November 9, interest centered chiefly in a comprehensive scheme of tax reform, with which was connected a reform in the law of elections. The main purpose of the former project was to separate com-

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munal from state taxation. To the local governments were assigned the land, building and occupation taxes, while the state retained for general purposes the income tax. In compensation for the hundred million marks thus turned over to the communes, a new graduated property tax was proposed for the central government, with exemption of all persons owning less than 6000 marks. The Electoral Reform Bill was designed to modify the conditions through which the wealthy classes secure a sure control of the House of Deputies in the Landtag. These projects were only carried in the lower house of the Landtag April 14, and their final form was the result of such concessions to the Conservatives as alienated from Finance Minister Miquel many of the National Liberals with whom he was formerly identified.

FRANCE. — An epilogue to the Carmaux labor troubles which Premier Loubet seemed to have settled at the end of October, was seen on November 8 in the explosion of an infernal machine which had been placed in the Paris office of the Carmaux Mining Company. The machine was discovered and taken to a police station, where it exploded and killed five persons. The government immediately brought in, and after some difficulty passed, a bill increasing the stringency of the laws against incitement to violence through the press. — At the same time that this press bill was under discussion the beginning was made in the development of the **Panama Canal scandal**, which has since dominated entirely the political life of France. Early in November the government, as the result of a long investigation, directed the judicial prosecution of certain directors of the defunct Panama Canal Company, including Ferdinand de Lesseps and his son Charles, on the charge of fraudulent devices and swindling in obtaining the funds for their enterprise. The trials on this charge were held in January, and resulted in the conviction of the defendants and their sentence to fine and imprisonment. But in the meantime public interest had been concentrated almost entirely on another phase of the affair. On November 21 M. Delahaye, a "Revisionist" deputy, declared in the Chamber that a former minister, several senators and many deputies had been bribed in connection with the Lottery Bill through which in 1888 the last attempt had been made to set the company on its feet. An investigating committee was immediately appointed to examine these charges, with M. Brisson as president. Evidence soon appeared that seriously compromised many journalists and politicians. It was discovered that some $20,000,000 had been paid out by the directors for "advertising" and other means of promoting their project, much of it through one Baron de Reinach, who died suddenly just after the government announced its intention to prosecute the directors. Reinach had been in financial relations with many politicians and from the stubs of his check book large sums were traced to public men. Stimulated by the frenzy of accusation that developed, especially among the "Revisionists" and Royalists, the committee labored with great effect through December and January, being aided by a frank confession by Charles de Lesseps on his trial, and at

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the end of the latter month judicial prosecutions were instituted, on charges of bribery and corruption, against eleven persons, including directors of the company, ex-ministers, deputies and senators. The trial of these, beginning March 8, brought further damaging disclosures in reference to prominent politicians and their methods, but only three of the defendants were convicted. The general **political effect of the scandal** was to weaken very seriously the hold of the dominant Republican faction on the control of the government, and to rouse the hopes and stimulate the activity of both extreme Radicals and Royalists. The Loubet ministry was overthrown at the very beginning of the revelations. Having refused the investigating committee's demand that Reinach's body be exhumed and examined for evidence of suicide, the government met an adverse vote of 304 to 219, November 28. M. Brisson, the chairman of the committee, having failed to form a cabinet, the old body was reorganized with M. Ribot as premier. Great facilities were now given to the committee for its work, but when it demanded full judicial powers in securing papers, forcing witnesses to testify, *etc.*, the government, taking the ground that the regular judiciary must be protected, refused the demand and on the test vote, December 16, secured a majority of 271 to 265. Holding that the preservation of the republic amid the prevailing excitement required stability, M. Ribot retained office in spite of the scanty majority. But on the same day with the vote M. Rouvier, the minister of finance, resigned, owing to the revelation that he had used Panama money for the secret service fund against Boulangism. Then followed evidence that Floquet, president of the Chamber, and Freycinet, minister of war, had been implicated in much the same way, and though the government got a vote of confidence December 23, a reorganization was necessary immediately after the holidays. Ribot still held the first place, but after January 10 Freycinet and Loubet disappeared from the list, and Floquet failed of re-election to his former position in the Chamber. Throughout January, February and March the government successfully met the repeated atttempts of the extremists to overthrow it, generally on the ground that it was seeking to protect from prosecution its implicated friends. The bribery trials in March furnished a a number of incidents which, involving former associates and supporters, seriously weakened the government's position, and finally, March 30, it succumbed to an adverse vote on a clause in the budget. A cabinet formed April 3 by M. Charles Dupuy contained mostly unfamiliar names, and devoted itself to finishing up the budget work and maintaining the routine administration till the approaching general elections. — A further extension for twenty months of the Panama Canal Company's concession was granted by the Colombian government, under very stringent conditions, in April. — Much comment was caused by the election, February 24, of Jules Ferry as president of the Senate. This triumph of the long retired statesman was followed just a month later by his sudden death. — Cardinal Lavigerie died November 24.

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AUSTRIA-HUNGARY. — In the Cisleithan part of the empire political interest has found little excitement save in **Count Taaffe's troubles** in getting a majority for the government in the Reichsrath. This body met November 5, and shortly afterward the minister delivered a speech of so pronounced a leaning toward Clerical-Conservative ideas that the German Liberals, on whom his majority had depended, promptly went into opposition. The routine government legislation came to a standstill, and provisory appropriations were made pending negotiations. About the first of February Count Taaffe presented a formal program on which he asked a coalition of the leading fractions in support of the government, but the German Liberals were not induced to abandon their policy of the "free hand." By delicate management the government finally secured its budget late in March and prorogued the Reichsrath. — **Politico-religious questions in Hungary** have dominated the situation. A general scheme of legislation was submitted to the emperor early in November, embracing projects for making civil marriage compulsory, for civil registration of births, deaths and marriages, for legalizing the free exercise of all religions and for recognizing fully the Jewish faith. On the 9th Count Szapary announced that he had not been able to secure the emperor's approval of the bill for civil marriage, and the ministry accordingly resigned. Two days later a new cabinet was formed, with Dr. Alexander Wekerle, hitherto finance minister, at its head. The program of this ministry announced that all the above bills except that on civil marriage would be pressed for passage, and that a new bill on the latter subject would be framed, the emperor's objections having extended only to details. Throughout the winter the clerical opposition to the proposed marriage law developed a veritable *culturkampf*, with abundant charges that imperial influences were aiding the opponents of the project. A request by the minister of public worship that a bishop should be rebuked for a violent pastoral against the government, was refused by the emperor, in January, on the ground that he had no constitutional right to interfere. In the budget debate in March the whole religious question was discussed with great violence. The ministry has not yet introduced the proposed civil marriage law, but the bills for civil registry and for recognition of the Jewish faith were laid before the Chamber April 26.

ITALY. — The general elections of November 6 resulted in an overwhelming victory for the government's supporters. The extreme radicals suffered especial losses. **Parliament** was opened by King Humbert in person November 23. A favorable financial prospect was reported by the ministry, but the attention of both government and country became almost entirely absorbed in a bank scandal that developed in January. It was made public that the chief bank of issue, the *Banca Romana*, had put forth notes to the amount of 65,000,000 lire in excess of what the law permitted, and charges of complicity in this and other grave irregularities in the banking system were freely made against high public officials, both in the present and in preceding ministries. Premier Giolitti held his majority in resisting

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persistent demands for a parliamentary investigation, and the inquiry instituted by the judicial authorities resulted in the arrest of several bank officers, a department chief in the Ministry of Commerce and a single deputy, the last two on charges of corruption. As evidence was discovered that high political personages had had relations with the delinquent banks, Giolitti finally consented to a committee of the House to investigate the nature of these relations. It was strongly suspected that the governments in Italy, as in France, had been in the habit of getting financial assistance from the banks in electoral campaigns. The expectation that the Giolitti ministry would be seriously shaken by the revelations has not as yet been fulfilled.

SPAIN. — In a number of places the tendency to popular discontent has continued to express itself in riots. Most important was that in Granada, November 2, the occasion of which was the failure of the royal family to visit the city for the unveiling of a statue of Columbus, but the underlying spirit of which was shown in cheers for the republic. — **A change of ministry** was precipitated by a split in the Conservative cabinet on the question of dealing with grave corruption in the municipal administration at Madrid. Immediately after the meeting of the Chamber a vote of confidence was refused, December 7, by 129 to 121, and the Canovas ministry resigned. The Liberal leader, Sagasta, formed a new cabinet, and suspended the session of the Cortes. Having made the customary changes in the *personnel* of the electoral administration, the government dissolved the Cortes and set March 5 as the date for general elections. The result of the voting was the usual success of the government, who secured 322 out of the 430 members of the Chamber. Most significant in the result were the great gains made by all the discontented fractions, especially the Republicans, who were successful in 39 constituencies, including six out of the eight in Madrid. Premier Sagasta's position is not regarded as very strong, as radical differences, especially as to commercial policy, divide his majority. The efforts to reduce expenditure by economies in administration, especially in the army and navy, have aroused popular resistance in many cases, and though the speech from the throne at the opening of the Cortes, April 5, announced the abolition of the deficit, the statement was not considered conclusive.

RUSSIA. — Minor incidents in the general **social disorganization** resulting from the anti-Jewish movement, the famine and the cholera, have formed the staple of the news from Russia during the period under review. The latter two influences have been rather quiescent, but some evidence of recrudescence in the former has appeared. In November a decree was issued excluding from residence in Moscow, Jews who, under former laws, had acquired by military service the right of residing anywhere in the empire. The Moscow Chamber of Commerce, moreover, adopted a resolution excluding Jews from the list of merchants unless they changed their faith, and such as complied with the latter condition were required to pass a three years' probation at a village near Moscow under

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close supervision of the clergy, whose report will be conclusive as to the sincerity of the conversion. In December it was decided that Jewish artisans could only live in places outside the pale where there are official trade-boards, that is, in only about ten or fifteen per cent of the towns. — Finance Minister Witte's **budget for 1893** proposed an exact balance of total income and expenditure at 1,040,458,385 rubles. Both sides of the account showed a considerable increase over last year, which was provided for by raising the excise taxes on spirits, beer, tobacco and other articles and by a new internal loan. One cause of extra expense is the construction of the railway across Siberia, which has recently been begun.

MINOR EUROPEAN STATES. — The course of the **constitutional revision in Belgium** has been affected by incipient revolution. Much popular dissatisfaction was aroused in November by the action of the Chamber's committee on revision, in rejecting propositions looking to universal manhood suffrage; and after the publication in January of the government's completed project, fixing a household and educational qualification, agitation among the working classes became incessant. The formal discussion of the revision began in the Chamber at the end of February, and about the same time the Radical leaders instituted in Brussels and a few other places a popular vote on the question of suffrage, which resulted in an impressive majority for manhood suffrage, with a twenty-one years' age limit. On April 11 the Chamber came to a formal vote on the Janson project, which was that of the Radicals, and rejected it by 115 to 26. A modification, making the age limit 25 years, met the same fate. Immediately the labor leaders ordered a general strike, and street rioting began in Brussels and other cities, which the police and militia were only with increasing difficulty able to keep in check. Meanwhile, several compromise projects on the suffrage question were discussed by a committee of the Chamber, and on the 18th one was reported favorably, which provided for manhood suffrage at 21 years, with plural voting on the basis of property and education. The Chamber, with some manifestation of deference to the prevailing excitement, adopted the proposition on the same day by 119 to 14. At the announcement of this action the commotion quickly subsided, and the labor leaders, while protesting against the plural vote, nevertheless called off the general strike. The Senate adopted the Chamber's project April 21. — **The crisis in Norway** assumed in April precisely the form which it had in June, 1892 (see last RECORD, p. 781). The Storthing met February 2, and the Radicals, rejecting overtures from Sweden looking to an adjustment of the questions at issue, brought in a resolution declaring Norway's right to independent action in all matters not specifically designated as federal in the Act of Union, and asserting that the consular system was such a matter. This resolution was carried March 17. The Swedish houses of parliament passed resolutions by great majorities denying the claims made in this resolution. On April 22, the king having refused his assent to the Norwegian resolution, the Steen ministry resigned, and two

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days later the Storthing suspended sittings indefinitely. At the close of the RECORD, M. Stang, the predecessor of Steen, was trying to form a ministry. — **Politics in Servia** have been of an unusually lively character, even for that rarely torpid kingdom. First, a great sensation was created by the announcement, January 19, that Milan and Natalie, the divorced parents of King Alexander, had become reconciled at Biarritz. Whether this had political significance was unknown, but rumor connected it with various incidents bearing on the pending elections. The Skupshtina was dissolved in November, and the Liberal government, by energetic measures, put the electoral machinery in such shape that at the voting in March a small Liberal majority was secured in the place of the enormous Radical majority that had controlled the former legislature. When the Skupshtina assembled, April 6, the Radicals, in resentment at certain proceedings of the government designed to increase its majority, left the hall and refused to to take part in the session. The troublesome situation thus produced was wholly abolished by a *coup d'état* of King Alexander, April 13. At a banquet in the palace, at which the regents and cabinet were present, the king suddenly accused them of misrule and demanded their resignations, saying that he would assume the government himself. On the refusal of the regents to resign he ordered them under guard, and on the following day a new ministry was appointed, with M. Dokitch, a Radical, at its head. Careful arrangement of the troops had insured that no resistance could be made to the king's acts, and no blood was shed. The constitution makes eighteen the age at which the king attains his majority, but Alexander is not yet seventeen. His action was greeted with general favor throughout the country. An explanation of the affair is found in the ill-disguised relations of the Radicals with the pretender Karageorgiewitch, and the dread of Milan and Natalie that the hostile policy of the regents toward the Radicals, who are in a majority in the land, would precipitate an overthrow of the reigning dynasty. The program of the new ministry denounced the unconstitutional acts of their predecessors, and proclaimed that the elections should be entirely free from governmental influence. — A bill for the **amendment of the Bulgarian constitution** secured the necessary two-thirds majority in the Sobranje in December. The chief changes proposed were: An increase of cabinet ministers from six to nine; a decrease of numbers in the Sobranje from one member for every 10,000 to one for every 30,000 inhabitants; and a provision permitting an elected prince who ascends the throne, and his first successor, to profess another than the orthodox religion. This last clause was in anticipation of the marriage of Prince Ferdinand, April 20, to the Catholic princess, Marie Louise of Parma, a sister of the future Empress of Austria. The parents of the bride had insisted that the children of the marriage should be educated as Roman Catholics. The amendments require still the concurrence of the Great Sobranje, elections for which were held April 30. — The financial difficulties of **Portugal** caused another change of ministry in February,

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Ribeiro succeeding Ferreira as premier. The deficit for 1891–92 amounted to $17,500,000.

AFRICA. — The relations of **Great Britain and Egypt** were brought into a clear light by an incident in January. On the 15th of that month the young khedive suddenly dismissed his prime minister and two other members of the government, and appointed new men in their stead. The step was taken without consultation with the British representative, Lord Cromer, and the appointee as premier, Fakhri Pasha, was known to be a leader in the anti-English party in Egypt, which ever since the accession of the Khedive Abbas had been increasingly influential. A considerable stir in cabinet circles in London resulted in a vigorous despatch to Lord Cromer, who was instructed to inform the khedive that the British government expected to be consulted in all important steps, and especially in respect to changes in the ministry, and that it could not assent to the appointment of Fakhri Pasha. On the 18th the khedive agreed to revoke this appointment, but asked that instead of restoring the former premier he might appoint Riaz Pasha to the position. To this Lord Cromer assented, and the diplomatic incident was closed. Considerable anti-English feeling continued to be manifested in various ways by the populace and to receive encouragement from the khedive, and in February the number of British troops at Cairo was increased to about 6000. England's actions were closely watched by the other powers, especially by France, but were in every case accompanied by formal assurances from London that no change of policy was intended. The Egyptian financial reports for 1892 reveal a continuance of the surplus, though on account of remissions of taxation the figure, £788,000, is less than before. — **In Morocco** the French commissioner, Count d' Aubigny, after a long and vexatious sojourn at Fez, came away in December with a number of not very important commercial concessions from the sultan, in return for the French minimum tariff. Rumors of important political agreements, especially as to boundaries with Algeria and on the south, appear to have been unfounded. An English special commissioner, Sir West Ridgeway, was sent in January to Tangier, in order to retrieve the failure of Sir Euan Smith, noticed in the last RECORD. This step, together with a pretty vigorous demonstration, both diplomatic and naval, effected a concession of indemnity for certain outrages on British subjects perpetrated by Moorish soldiers at Tangier. — The French **conquest of Dahomey** was practically completed by General Dodds on November 16, when after some hard fighting the army entered the capital, Abomey. King Behanzin escaped with a small band of followers. The blockade of the coast was raised in December, and steps have since been taken toward the organization of government for the conquered region. Toward the end of April Behanzin made overtures looking to his formal abdication and surrender on the condition of a pension from the French government. — The British government announced in November that a commissioner would be sent to look after affairs in **Uganda** when the East Africa Company should

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abandon it. Accordingly, Sir Gerald Portal set out from the coast in January with a considerable force, and reached Uganda in March. — In the **Congo State** the Arabs on the upper Congo, who after the massacre of the whites last summer became very aggressive, were thoroughly beaten in a pitched battle, November 22, by the Belgian forces.

JAPAN. — The politics of this country throughout the winter turned on a contest between the legislature and the government, of a kind very familiar in Europe. The government's most important measures were thrown out, and its budget estimates were greatly reduced by the lower house. When the government refused to yield the house suspended its sittings, "to give the government time for more mature reflection," and the opposition members petitioned the emperor to set matters right. The reply came, when the chamber reassembled, in an imperial decree suspending the sittings for fifteen days. At the end of this time (February 7) the emperor sent to the house a message expressing regret at the differences between the government and the Assembly, and stating that as he could not approve the reductions in the naval estimates demanded by the latter, he had ordered $225,000 annually for six years to be devoted to the navy out of his civil list, and had reduced all governmental salaries ten per cent for the same purpose. Under the influence of this act a better feeling prevailed and a compromise was reached on the budget, while several liberal measures desired by the opposition, *e. g.* amendments to the laws governing the press and public meetings, were allowed by the ministry to be passed.

LATIN AMERICA. — While no startling incidents have been reported from this part of the world, the general indications have pointed to a condition of affairs which can hardly be called satisfactory. Mexico, despite a continuance of border brigandage, with revolutionary tendencies, on the Rio Grande, seems to have maintained a progressive condition. Central America has produced but one important revolution. This was in Honduras, where a revolt led by Gen. Bonilla, beginning in March, had up to the end of April met with considerable success. Brazil has been in constant trouble with the "federalists," or state-rights party, in different places, the most important centre of disturbance being in Rio Grande do Sul, where a considerable triumph of the malcontents was reported in March, though denied by the government. In Argentina some improvement seems to have been made in the financial situation, and a satisfactory arrangement as to boundaries has been reached with Chili; but a revolt of serious dimensions in the province of Catamarca was reported early in April. A treaty of alliance between Chili and Bolivia was announced in February, by which the latter secured a port on the Pacific coast. This concession is regarded as a return for the recognition accorded by Bolivia to the Congressional party in the late civil war in Chili.

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